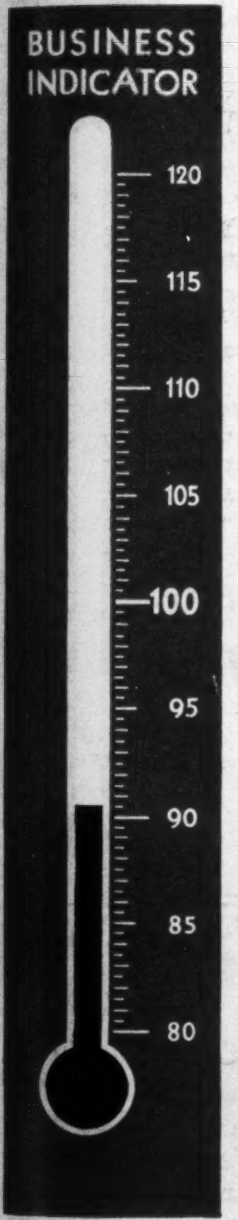
JUN 16 1930

THE BUSINESS WEEK

JUNE 18, 1930



THE tide of business activity recedes further as the season of summer slackness progresses. . . . . Our index of the general volume of trade and production has declined again, from 92.7% to 90.5% of normal, and is lower than at any time since the beginning of the year. (See p. 37). The industrial indicators are holding up fairly well against the seasonal decline, but the latest general trade indicators have weakened along with commodity prices and the stock market. . . . . Business seems to be knocking off for a long summer vacation, letting things slide till it can formulate its prospects and plans a little more clearly. . . . . This will be to the good if it means dropping some outworn formulas and doing some hard, fresh, vigorous thinking—about costs, wages, employment, commodity prices, the tariff, world trade conditions, agricultural prospects and the banking situation—inescapable though unpleasant problems. . . . . The stock market has been doing a little of it in its spare time and has a slight headache as a result. The sooner business stops waiting around for more automatic or political miracles and buckles down bravely to a bit of head-work on its own again, the better everybody will feel. It takes brains to hold a bear by the tail.

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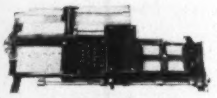

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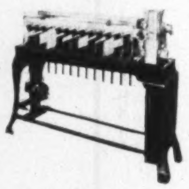

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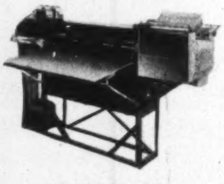

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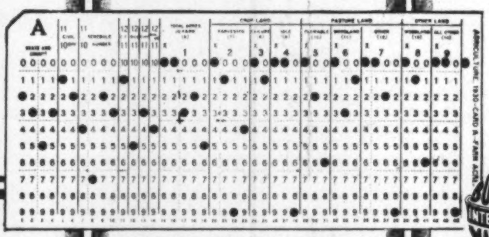

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What's In This Issue —And Why

Crops Too Good

WORLD crop prospects are good—too good, for an upturn in prices of wheat and cotton would increase purchasing power, stimulate business. page 5

We Finance Reparations

MOST encouraging news of the week—America absorbed its $100 million share of the Young bonds, with heavy oversubscription. Successful fruition of the Young plan is, of course, a great historic event. page 6

That Tariff

CONGRESS heard 2,443 witnesses, filled 2,800 pages of the *Record,* uttered 4 million words of oratory in the Senate alone, to make the Smoot-Hawley tariff bill. Its complexities seem hopeless, save to special students. What business wants to know is, what kind of bill is it? What will be its effects? page 15

OUR tariff to help the farmer promptly destroys sale of $30 million farm products a year—Cuba's sharp retort. page 18

Prices

HOLDING pools, selling pools, fail to hold prices. Production restriction schemes seem to fail quite as badly, instanced by tin and rubber. page 8

RUBBER quotations fall with no rebound. Tire makers cut prices. page 8

Costs

GERMANY seems unified on a plan to do promptly and calculatingly what other nations may have to do reluctantly, haphazard, and tardily—cut production costs, wages, prices, all at once, to bring them in line with raw commodity prices, capture export markets. page 7

Men's Styles

WILL men wear standard styles? Hart Schaffner & Marx want to know; are trying an interesting experiment. page 13

WHICH sells better, a national brand of men's clothes, or the retailer's own brand? Some New York, Chicago, Cleveland retailers turn to their own labels. Unwise, say others. page 14

Rubber Shovels

RUBBER-PLATED steam shovels that outwear bare steel are among scores of new uses opened up for the gum by Eastman Kodak and Goodrich chemists. page 27

Hard Lines

TRUCK lines parallel railroads, take freight revenue; bus lines capture passengers; power lines destroy coal traffic—and now gasoline pipe lines replace tank cars. page 25

Trolleys

BETTER street cars are what the industry needs; more street cars are what congested cities need, say street railway men gathering for their 49th convention. page 12

Corporate Charity

"SOULLESS" they may be in the legal sense, but corporations gave 22% of all the money raised for community chests in 1929. page 13

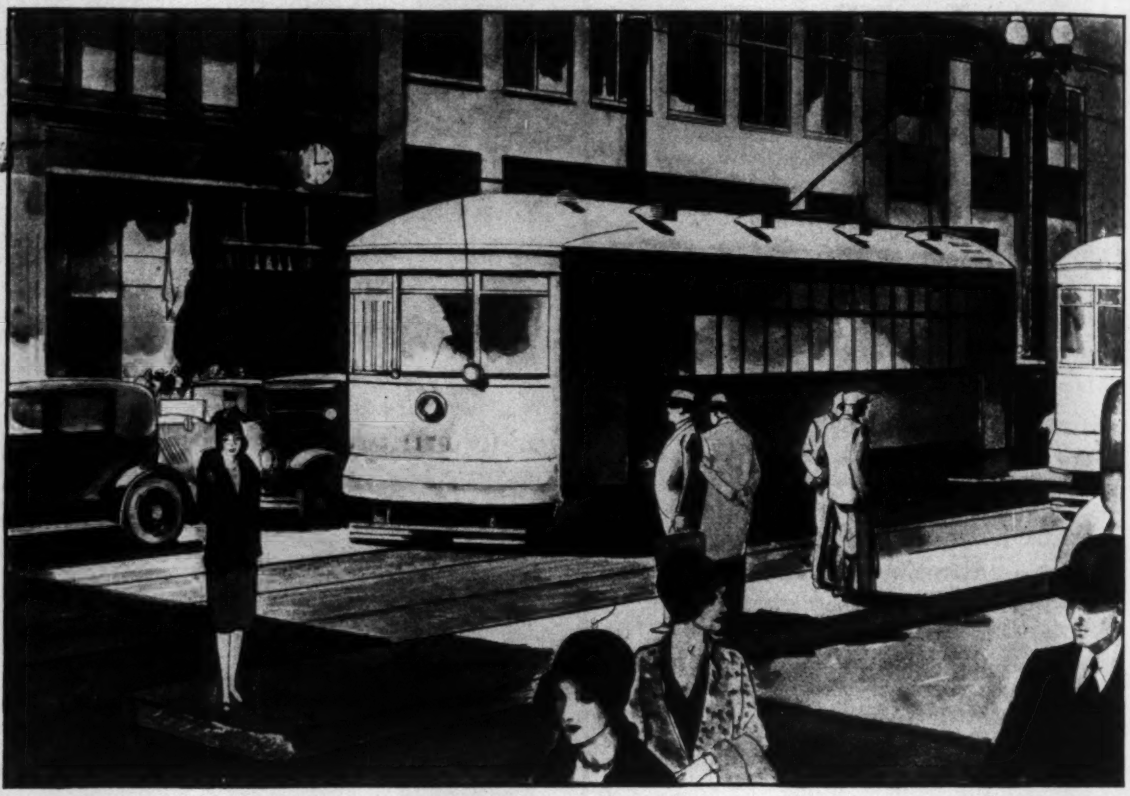
Can He Rest?

HIS great work in Germany done, S. Parker Gilbert is out of a job. He says he's going to take a rest. His friends hoot derisively, for the man who at 29 was the first Under Secretary of the Treasury, and at 32 was Agent General for Reparations, never has learned to drape his long, lean frame in an easy chair. page 29

Corporate Farms

BIG stock companies play an interesting part in Kansas farming. Small towns, hard hit, instigate a "blue sky" investigation. page 22

ECONOMICS OF THE ELECTRICAL INDUSTRY



It takes ELECTRIC LINES

to clear the Traffic Lanes . . .

Through crowded down-town intersections threads the tangled mass of traffic from every corner of the city—a modern camel that with increasing difficulty performs its daily task of passing through the needle's eye. That the task can be accomplished at all is due largely to the efficiency of our modern electric surface lines, occupying only two per cent of the total street space yet carrying, on the average, three-fourths of the street users. Without these compact vehicles to move masses instead of individuals, the traffic situation would be long since beyond hope.

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THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending June 14, 1930

World Crop News Is Now the Key News of Business

Reports, So Far, Are Not Encouraging, But the Situation May Change Over Night

ONE thing that might pull us quickly out of a business depression is a sharp upturn in wheat and cotton prices during the next two months as a result of some strikingly unfavorable turn in crop prospects. This was one of the important factors in the summer of 1924. The situation is worse now, but there is no doubt that the big staple crops have a weighty influence on business all over the world. The prices of wheat and cotton act upon the general level of commodity prices as the moon acts on the tides. The hoped-for upturn in commodity prices generally might easily come with an upturn in the prices of these staples. Without the latter, at least, there is little chance of the former.

Watch Wheat Forecasts

So crop news the world over, especially of wheat, is now the key news of business. But this is just the time when such news is most uncertain and speculative. What there is so far is not tremendously encouraging for those hoping for a marked price upturn. Yet the situation may change radically almost over night.

Our government's June 1 wheat crop report forecasts 532 million bushels of winter wheat compared with 578 millions harvested last year and an average harvest of 551 millions during the past five years. The private estimates are higher, averaging 544 millions. The amount of the spring wheat crop is not officially estimated, but its condition is reported nearly 1% higher than a year ago. Private estimates on it, averaging 257 millions, combined with the winter wheat estimates, indicate the probability of the total wheat crop about equal to last year's—801 millions against 807.

This would be all to the good if we could count on short crops in other countries, but present indications do not point that way. The world wheat acreage is probably not more than 2% below last year. Except in Italy, Spain, Jugoslavia, crops are expected to be about average. Canada is probably 125 millions higher, Roumania anticipates the largest crop since the war. In Russia, although the acreage seeded to spring wheat is only 60% of that intended and far below last year's, the crop is expected to be about average.

Reports by cable Thursday from our European bureau give the following details:

"Probabilities are for an average crop in Europe, though a bumper crop for the third successive year is entirely possible. No material increase in acreage is reported.

Pacific & Atlantic

ON THE FARM FRONT

In March and April, the Soviets sent 35,000 industrial workers into the fields to complete the grain sowing. Peasant opposition has slowed down "collectivization"; again labor must be mobilized for the public harvest

"Northern European crop conditions are nowhere worse than normal at this date, and in Germany are better than normal. Prospects in the Balkans range from normal to the probability of all-time record wheat crop in Roumania. Italy's wheat crop is three weeks late; rust is reported. Authorities estimate a decrease of 20% from 1929 in Italy's crop, and place Italy's import requirements at 2 million tons. France looks for a 10% decrease from last year. Reports from Russia are contradictory; there is skepticism as to official announcements of increased acreage.

"Reduced purchasing power favors consumption of wheat substitutes (rye in Northern Europe, corn in Southern). Declining hog prices forecast decreased use of grain feeds, and the release of rye and barley for human consumption. Tariffs, notably in Germany, Italy, and France, will continue this year to penalize imports of grain. Conversely, however, delayed and reduced imports last year made carryover stocks small."

World's Stores Grow

If these forecasts are borne out, the world's wheat supplies will probably continue their steady post-war growth and the total carryover will not be greatly, if any, reduced. Nat Murray says 87 millions, the London *Economist* only 50 millions. European countries are fostering domestic production by heavy protective and other subsidies. Australia is encouraging larger wheat production in the hope of remedying her unfavorable international balance of trade. There is little prospect for any marked increase of foreign demand for American wheat, and consequently for reducing our carryover, which has grown steadily year by year since 1927. Our visible supplies are now nearly 30 million bushels above last year.

The chances are, therefore, that if the Farm Board is called upon to try to sustain or raise wheat prices here it will have to juggle with a somewhat larger surplus than it has so far. It has made no forecast of policy except to say that it will supplement other loans on crops sufficiently to cover between 75% and 85% of the market value. This is only about what it has done so far—perhaps a little more conservative in view of the fact that it started loaning on wheat and cotton on the basis of fixed prices much higher than the market subsequently realized.

How much it stands to lose on wheat will be seen more clearly after June 30, when farmers are called upon to turn over the wheat or pay up their loans. In cotton the impression has been that the cooperatives have avoided much loss because they brought the price up near to the loan basis by insisting upon delivery on May and June contracts and cornering the market. But they now hold about a million bales of cotton on which loans were made at a price around 16 cents.

Fear of being unable to dispose of this cotton without a loss led the Cotton Advisory Committee to the Farm Board last week to declare that an emergency situation exists and to recommend establishment of a stabilization corporation to take over this cotton, spare the farmers the loss and put it on the government. The reason is that prospects for higher cotton prices later are dubious. Prices on the new crop have been running into low figures. The world's carryover of American cotton will probably be about 1,300,000 bales larger than last year. There is no evidence that the acreage of the new crop planted has been much, if any, reduced. Curtailment of mill operations here and the world over has cut cotton consumption to low levels. As in wheat, it would obviously require a spectacular crop reduction this year to raise prices much.

Keystone

MONTAGU NORMAN

The governor of the Bank of England leaving a committee meeting of the Bank for International Settlements

We Buy $100 Million Bonds To Put Young Plan in Effect

NEARLY $100,000,000 of German bonds, most of them the "reparation" issue, were taken up in the American capital market this week. They came here only after world banking and treasury experts had spent weeks in haggling over the terms of issue. The total of the issue, sold in 9 nations, amounts to about $350,000,000, which, less discount and commissions, will produce the $300,000,000 required of it. The issue price was 90 in all countries excepting France, where tax exemptions made possible a price of 98. Interest is set at 5½% to yield 6.20%. Dealer's commission was 4 points. The American share was offered by a consortium of 45 firms, one of the largest groups ever brought together for an offering in this country.

Brought Out by World Bank

These bonds are obligations on the German government and represent the long-planned commercialization of unpostponable reparation annuities. The issue has been brought out by the new Bank for International Settlements and distributed in the various nations by the Bank's representatives in those nations. Through the World Bank, the proceeds of the issue will be apportioned among the nations to which shares are due under the reparations settlement.

The following table shows the countries in which the bonds were issued, the total allotted to each, and the share of the proceeds that each will receive, taking into consideration differences in issue price and commissions and allowing for approximations necessitated in changing the various currency units into dollars so as to put them on a comparable basis. The $100,000,000 which is allotted to Germany is a direct loan to that country accompanying the $200,000,000 reparation mobilization, and by arrangement, floated with it in the single issue.

Countries	*Reparation Bonds Bought*	*Proceeds To Be Received*
United States	$98,250,000	——
Germany	8,568,000	$100,000,000
Belgium	4,865,000	——
France	98,336,000	132,215,000
Britain	58,320,000	50,000,000
Holland	29,346,000	——
Italy	5,786,000	13,105,000
Sweden	29,480,000	——
Switzerland	17,756,000	——
Japan	——	2,060,000
Jugoslavia	——	1,872,000
Portugal	——	748,000

It can at once be seen from this table that the divergent amounts of bonds bought and proceeds to be received will necessitate considerable capital movement, unless the World Bank and the creditor countries devise some method of preventing it. At best, foreign exchanges will be unsettled.

The bonds were issued on different days in different countries. The general demand appeared to be good, with heavy oversubscriptions reported in some centers. Beyond a doubt, part of the enthusiasm with which they were received was manufactured to order by interests desiring to sell more such bonds later and anxious to give the issue a good sendoff. Brisk trading on a when-issued basis took place in Wall Street as soon as the terms were announced and the bonds were bid up to a premium of 1 point.

Shares Go to 100 Banks

With the bond issue and the recent sale of stock in the International Bank, American financial institutions have a more direct interest in the "B.I.S." and in German financial conditions than ever before. About 100 banks in the United States now hold World Bank stock and it is believed that most of the same group also hold reparations bonds. In this, as in other countries, financial leaders are looking to the new bank for effective service in the job of stabilizing international financial conditions, service which its authors have predicted can be made of tremendous importance and which they have envisioned as of direct benefit to American trade and American investments with foreign nations.

Completion of the bond flotation will bring a sigh of relief from Europe, where the planning of it and haggling over it has aroused old and loosened new animosities. These will probably be given time to die down before further scheduled issues are attempted. Incidentally many of the European nations were much less anxious to receive the bonds than were the United States and France. The latter, in addition to receiving the bulk of the proceeds, has the satisfaction of seeing Germany's war debt distributed throughout the entire world.

New Loans May Follow

One result of the flotation will be to give Germany $100,000,000 of new capital and to lift the lid for more German bond issues if Germany can find a market for them. It will be remembered that France exacted from her neighbor a promise to suspend borrowing from abroad until this issue was sold, in order not to prejudice the chances of this issue or overload prospective investors in it with German obligations.

The success of the bond issue in this country has been assured for some time. The State Department had announced that it would raise no objections to an allotment of bonds to the American investors not exceeding a total of $100,000,000.

Germany in Difficulties

Meanwhile, Germany continues to struggle with financial difficulties and the position of the Breuning cabinet is none too secure. Proposed additions to unemployment insurance, levies on single men and women and other financial reforms are unpopular. The protraction of the business depression and increases in unemployment contribute to the government's failure to cope with its financial problems. The proposed cut of 10% in her export prices, a drastic step, is designed to have a far reaching effect in stimulating her foreign trade and at least partly alleviating present economic conditions in the Reich.

German Labor and Capital Try to Cut Wages and Prices

Industrialists and Union Leaders Formulating Plan to Deal with World-Wide Depression

By Special Cable to The Business Week

GERMAN employers and workers are considering an attempt to cut the Gordian knot of unemployment with the two-edged sword of simultaneous price and wage cuts.

They feel that if each party takes firm hold of a horn of this world-wide dilemma of wages and prices, both may be able to avoid being hurt.

Conferences to this end between industrial leaders like Dr. Albert Vogler, German steel trust head, and representatives of the General Federation of Labor and other unions embracing more than five million workers have been going on during the past two weeks. President Hindenburg is interested, and the plan may take on the character of a national patriotic appeal to workers and employers—not as in the United States, to sustain wages, but to make mutual sacrifices. The process has already begun with wage and price reductions effective only in the northwest German iron industry.

The idea is to meet the problem facing all countries of scaling down production costs and stimulating employment and consumption through wage cuts made painless by accompanying reductions in living costs. The problem is a live one in the United States (*The Business Week,* May 21, 28). It is more acute, and somewhat different, in Germany.

Germany is not so much concerned with maintaining purchasing power of a vast domestic market as she is with expanding her export market to meet reparation payments. Her own workers are not her most important customers. To meet foreign competition abroad, the big German industries—export industries—must cut costs.

The process of rationalization in Germany has gone nearly to the limit. The new industrial plant is installed, ready. Rationalization has meant releasing large numbers of workers. Unemployment is severe and increasing. The Government is faced with the necessity of increasing income and other taxes to meet growing burdens of unemployment and social relief.

Control of wages by labor unions

Galloway

THRESHING WHEAT IN CZECHOSLOVAKIA

Only the well-to-do can afford threshing machines. Most Central European farmers still use the time-honored methods, flailing or trampling the grain and winnowing it in the wind or in a fan-mill and of prices by cartels is general, and readjustment of both can come only by mutual agreement. If this is possible, the hope is that Germany's vast modernized industrial machine can be started up to win new world markets. This would mean stronger competition abroad. It would tend also to force other countries to follow suit.

The difficulty there as everywhere is to bring domestic prices down as fast as wages. So far the proposal relates only to the big basic export industries, prices of whose products would not soon be reflected in domestic living costs. In the United States such prices—iron, steel, copper, coal, cotton, farm products—have already come down in wholesale markets, as they have everywhere under free play of competition and force of business depression. But they have been reflected only slightly in lower living costs.

That's one reason why wages haven't followed. Another reason is that we don't want them to. Our domestic market is still the most important to us.

The question is, can we keep them up, along with prices, and still compete abroad with lower foreign wages and prices if this movement in Germany should spread?

Price and Production Control No Escape from Cost Control

"Stabilization" of prices of basic commodities by pools, holding stocks, etc., has been given a black eye by a long series of experiences— the Stevenson scheme for rubber, the Australian wool pool, the Brazilian Coffee Institute, the Cuban sugar agency, the Japanese silk pool, the Canadian wheat pool, the Copper Institute, the Farm Board. Reviewing this experience, the wise ones have said "That won't work; the only way to stabilize prices is to control production."

But production control doesn't seem to have turned the trick either. International agreements to restrict production of tin and rubber have not helped much so far. Tin producers agreed to cut production by stopping one week per month over a year. British and Dutch rubber interests arranged to quit tapping the trees during May. When May was over rubber fell to the lowest price on record, with stocks highest on record, and tin has steadily fallen ever since these weekly holidays began.

Try More Restriction

Perhaps the remedy is more restriction. Rubber people think so and are discussing giving up the monthly holiday idea and cutting production to 75% of capacity on a compulsory basis. Tin producers are considering closing all plants of their association throughout the world for two months instead of spreading the piecemeal restriction over a year. There is no use, they say, trying to freeze out the high cost producers who account for 20% of the output by letting prices slide to levels low enough to ruin them. Better close down sufficiently to bring prices up to remunerative levels for all.

This may work if all the tin resources are well sewed up. Otherwise it usually brings new marginal, high-cost producers into the field again. That appears to be the difficulty in rubber. Every time prices are boosted the thousands of small producers in Malaysia give up lolling in the sunshine eating banyans and go to tapping. When it drops too low, they resume basking and banyan eating. Besides, American interests are in the field steadily setting out plantations to be run in the most modern, efficient manner and high prices encourage them, for the United States is the largest consumer of rubber in the world and wants it cheap.

Production control, like price control, is a slippery game. It provides no permanent escape from the stern and relentless necessity of cost-cutting.

Tire Prices Reduced As Rubber Gets Cheaper

On the day that heavy speculative selling sank rubber prices to 12.70 cents, (lower since), Goodyear Tire & Rubber Co., General, and Kelly-Springfield, announced price cuts. Most important was a 5% reduction in four-ply passenger car tires. Other major companies are expected to follow. Mail order houses led the way a few weeks ago.

Due to rubber tapping schedules, shipping difficulties, and other reasons, manufacturers are obliged to carry rather large inventories of crude rubber. Prices of finished goods therefore are not affected as quickly by changes in the price of crude as might be expected.

Japan is becoming a strong competitor in rubber products. Strongest, naturally, in the Far East, Japan sells increasingly in Europe, Africa, and South America. Near the source of supplies, having low-priced labor and

Linde

Slicing Steel Like Cheese

An automatic oxy-acetylene cutting machine goes through an inch of 6-inch steel bar in less than 10 seconds, cutting costs as well as steel

International News

THE SCHOELLKOPFS

Paul Schoellkopf (left), president of Niagara Falls Power Co., his wife, and his brother Walter arrive on the Ile de France. Walter Schoellkopf is vacationing at his Buffalo home from his post as secretary of the American Embassy

modern machinery, Japanese export trade in rubber products now totals $8 millions and Japan is eighth among rubber exporting countries. In rubber footwear, particularly, Japanese manufacturers are gaining. During 1929 Japan exported 6,954,000 pairs of rubber shoes compared with 13,000,000 pairs from the United States; 11,600,000 pairs from Canada. The local tire industry is favored by the fact that the condition of roads in Japan reduces tire life considerably. The local Dunlop plant supplies about 40% of replacement tires.

Drop in Motor Orders Defeats Tin Curtailment

European Bureau
The Business Week

DUTCH and British tin producers have had another serious session in London. Restriction has been worked out amicably but not successfully. Technically, the limiting of production began in January; actually, cooperating companies are only now making effective the 20% reduction in production.

Viewed in London, statistics of mounting stocks spread gloom among the committee. Supplies of tin in May last year totaled nearly 25,000 tons, jeopardized price stability, led to the curtailment scheme. After at least two months of limited production, supplies on hand at the end of May this year totaled 40,000 tons, an increase of nearly 4000 tons over April totals, of 60% over May, 1929, output.

Failure of certain Chinese producers in Malaya to cooperate is given as one reason for the seeming defeat of the project. Another group blames new firms who are "bootlegging" on the market. A few observers say that mounting stocks are due to the marketing of reserves by certain banking groups who are unwilling to wait longer to liquidate.

Authorities on the metal in New York and London admit that rapidly falling consumption among the American automobile producers since last November is the vital factor. Consumption this year will not exceed 62% of the 1929 total. Even under the restriction scheme surplus stocks are bound to mount unless the market revives.

Suggest Shut-Down

Unmoved by the failure of almost every scheme to curtail production, including the recent flurry among the copper producers, the Council of the Tin Producers' Association has suggested complete restriction of output for 2 months rather than worry along on a 20% cut for a year. No decision has been reached; but one outspoken representative at the meeting who declared that all restriction plans only resulted in added encouragement being given to produce tin, while a further drop in the price might be more far-reaching in its effect upon output, found a wide response. Tin restriction is evidently going the way of all other curtailment plans.

The Building Trades Stand Pat On Wage Despite Unemployment

HOWEVER it may otherwise affect the construction industry, the change in business conditions has not changed the general level of wages in the building trades. Reports from these indicate that the so-called "wage truce" is likely to be maintained among them as the result of a stalemate, if for no other reason. Wage increases may not be coming as regularly as they used to, union leaders admit, but there are not going to be any reductions either, they add. And there have not been many, even under the strain of heavy unemployment in some cities.

In Chicago, for example, 90,000 of the 125,000 building trades workers are idle, according to the Building Trades Council. But there have been no wage cuts. Painters, plasterers, electrical workers are getting $1.70 an hour; carpenters, iron workers, cement finishers, $1.62½. Lathers, plasterers, painters, glaziers have had a 40-hour, 5-day week for about a year. The other building trades are working for it now.

"In all Chicago labor history," says P. F. Sullivan, president of the Chicago Building Trades Council, "Wages of building trades workers have fallen but once." That was in 1921, following the Landis award.

Their defeat of the Citizens' Committee to Enforce the Landis Award, an open-shop employers' organization, dissolved as a result of an injunction obtained by the carpenters' union, has strengthened the determination of the Chicago building trades to fight any reduction in wages now. A reorganized Landis Award Employers Association is in existence but the unions dominate.

Some defections have, indeed, occurred in the union ranks. A union electrical contractor who does a sizeable motor repair business in Chicago reports that $1.70-an-hour electrical workers are coming to him begging to be taken on at $1 an hour, promising not to tell. Though he has refused to date, he is convinced, from lower prices competitors are quoting on jobs, that some are doing it. But the unions maintain stoutly that wages must and will be maintained.

Cleveland's building trades craftsmen find from 50 to 60% of their number unemployed. In that city, annual wage agreements are made in March. This March no changes were suggested. All the building trades have had the 40-hour, 5-day week since last September.

Ohio Cities Active

Two Ohio cities report comparatively favorable building conditions. There is "unusual activity" in Cincinnati, where, significantly, the building trades workers have just won a 5-day week, scheduled to go into effect July 24. However, the bargain between unions and employers included an agreement by the former that they would ask no increases in hourly wages this year. Akron finds industrial building normal or a little better than normal, though residential building is off as it is almost everywhere. Labor is said to be "quiet."

Pittsburgh, with a fair amount of building activity but with banks reported to be holding up loans on new buildings since material costs have dropped off approximately 20%, is seeing little agitation in favor of either increases or decreases in wages. Since the first of the year, when the 40-hour, 5-day week went into effect for the greater number of the building trades, there has been a move by the plasterers for the reduction of the 8-hour day to 6 hours and by the structural iron workers for a 5-day week, instead of the 5½-day schedule effective in that trade. In both cases, national officers advised that this was no time to look for trouble, so the unions signed up on the old scales.

Quiet in St. Louis

Things are equally quiet in St. Louis where only about 25% of the building trades workers are now employed. The only trades actively agitating for increases this year have been the cement finishers, tile setters and pile drivers. Practically all union workers are on the 5-day week schedule, though it is opposed by some contractors. The lathers' union tried the experiment of cutting to a 6-hour day to relieve unemployment in their ranks but went back to 8 hours after a few days of it.

Milwaukee's building workers, with 40% of their number out of jobs, are contemplating legislative relief instead of direct action. At the next session of the state legislature they will present a program calling for reductions in real estate taxes and in taxes on incomes in the lower brackets, for the collection of state-wide unemployment data, and for some form of state relief for the unemployed. In addition, an effort will be made to pass a law reducing the working week; a quiet campaign in favor of the 5-day week, going on for some time, will shortly come out into the open.

Building trades on the Pacific Coast are sitting tight. In Seattle, some 9,000 union workers and about the same number of non-union employees are on 5-day week schedules but this is effective only for the 4 summer months and only on outside jobs. Los Angeles' continuous surplus of construction labor makes agitation to shorten the work-week of the building trades there ineffective.

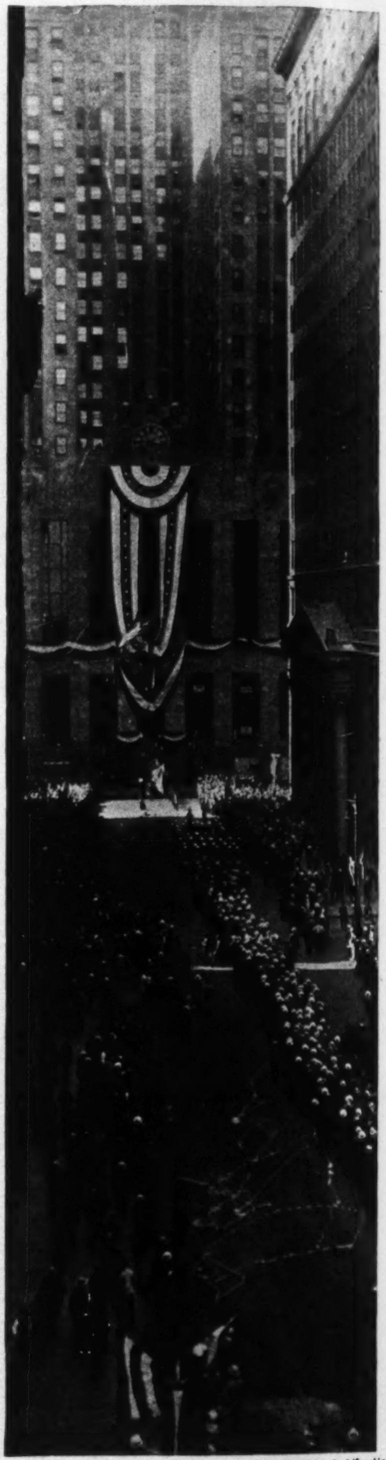
Other scattering reports tell much the same story of stubborn resistance to wage reductions on the part of the building trades unions everywhere, of success at some points in the introduction of the 5-day week. And this, it is said, constitutes the 1930 program laid out for them by the A. F. of L.

Capper-Kelly Bill Is Headed Toward a Vote

THE impossible is always happening to the Capper-Kelly Price Maintenance Bill. After having been held up for 10 years in the Interstate Commerce Committe, it was reported out in a sudden spurt of action a few months ago. Then it was referred to the Rules Committee where it was expected to die a natural death. But the unexpected has happened again. This week the committee gave the measure a preferential status which insures its early consideration by the House. However, the chances seem still to be against its passage.

Puzzled politicians do not know what to think of this proposal to prevent price-cutting on trademarked articles by allowing manufacturers to fix the sale price. But some representatives who once thought it was just a legislative joke have apparently changed their minds under the barrage of complaints about chains laid on them by their small town and rural constituents.

Incidentally, in the pressure put behind the Capper-Kelly bill by national advertisers of trademarked articles, retailers are said to be finding another reason for that swing toward private brands which is seriously worrying several industries. Retailers have asserted that they are shifting to private brands to maintain their independence. If their shift is to be accelerated by passage of the Capper-Kelly bill, the measure's success might do national advertisers more harm than good.



Pacific & Atlantic

CHICAGO'S WALL ST.

The great, new Board of Trade building, 44 stories of marble and $22,000,000 of money, was opened with appropriate ceremony last week. La Salle St. cheered as the members paraded from the old quarters to the new. The sound of the gong, rung by President Hoover in Washington, was radioed around the world. Traders swarmed into the new "pits" of teak, steel, and rubber tile

The President Calls in Help To Unsnarl the Ship Tangle

THE ugly snarl into which our ship subsidy policies have gotten the government has led President Hoover to volunteer to the Shipping Board the appointment of a committee of outstanding outsiders to help untangle them. The offer has been "accepted" by Chairman O'Connor; one appointment, Henry G. Dalton, of Cleveland, vice-president of Pickands-Mather & Co., has been made, and the committee is to report in 60 days.

Main reasons for this emergency action are: Suspicion of favoritism, logrolling, scandal in sales of Shipping Board vessels has led to bills proposing Congressional investigation of the Board. A special committee report might forestall messy revelations. Pending bills amending the Merchant Marine Act so as to permit giving preference in mail subsidies to present operators of Shipping Board vessels without competitive bidding, and to confine subsidies to lines operating only American registry vessels, are jammed in the Senate and will probably not get through this session. Immediate reason is inability of Shipping Board and Inter-departmental Committee (Post Office, Shipping Board, Commerce, Navy) to decide whether government-owned American-Diamond and America-France lines now operated by Black Diamond and Cosmopolitan Shipping Companies shall be sold to the operating companies or to United States Lines, Chapman interests. Black Diamond has technically outbid Chapman for American-Diamond, but Cosmopolitan says that, as current operator, it should get America-France anyway. The answer has been held up a year, on one excuse or another, and the delay frets Chapman.

Mr. Hoover's suggestion refers only to sale of Shipping Board vessels and award of loans for building new ships and says nothing about the committee's considering mail contract awards. The two are closely tied up. There are several other tangles involving sales and subsidies, and the committee may have to say something about the whole situation, which is highly unsatisfactory to shipping people, shipbuilders and, last but not least, taxpayers.

Peoples Gas Urges New Distribution Unit

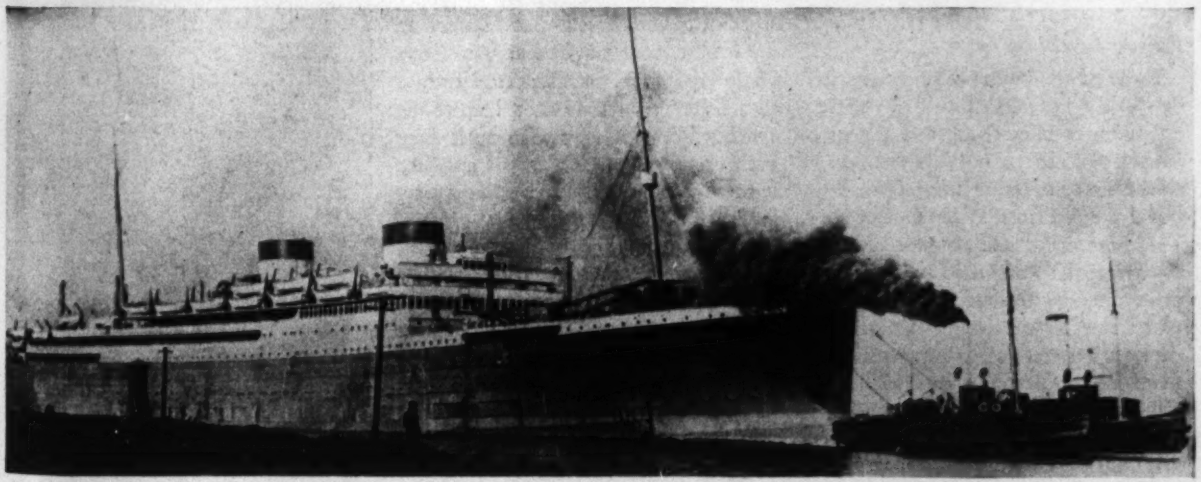
GAS will be sold by the Peoples Gas Light & Coke Co., Samuel Insull's Chicago company, on a therm basis instead of a cubic foot basis if a new rate schedule just filed is approved by the Illinois Commerce Commission. A therm is 100,000 B.t.u. A rate of 16 cents per therm is equivalent to 85 cents per thousand feet. Gas now sold has a minimum of 530 B.t.u. per cubic foot.

This move by the Peoples Gas, second largest distributors of gas in the country, is a step to prepare the public for introduction of natural gas which will be delivered in Chicago mixed with manufactured gas some time in 1931. The 950-mile natural gas pipe line, which will bring Texas natural gas to Chicago, will be under construction next week. Authorities state that the exact mixture of natural and manufactured gas has not yet been determined but, whatever it is, it will be substantially higher in heating units than the gas now served.

No Change in Meters

Inasmuch as natural gas has double the heat value of the manufactured product, the same meters will continue in use but the company will multiply the recorded number of cubic feet by whatever heat value per foot is served. Customers who prefer to be billed by the thousand feet may get such bills upon request. When heat value is increased, the rate on a foot basis will go up but not proportionately. The therm rate will be somewhat lower per B.t.u. than the present foot rate. Incidentally, the gas company will have to see that burners on all stoves now in use are adjusted.

Europe is familiar with gas distribution on a therm basis. Great Britain adopted the therm during the war and has continued to use it. This move by the Peoples Gas forecasts a shift that gives promise of becoming general in the United States. "It is a step ahead," declares George F. Mitchell, president. "When gas was used mainly for lighting it was measured by the candle power and sold that way. Now it is used mainly for heat and is properly measured in heat units."



Wide World

ENGLAND'S BIG NEW MOTORSHIP

The 27,000-ton "Britannic" leaves Belfast where she was fitted out to undergo her sea trials. She is White Star's bid in the transatlantic cabin class competition and enters the service this summer

Electric Railway Industry Sees Modernization as Key to Profits

Plans Improvements But Thinks Property Benefited By Lines Should Help Carry Cost of Construction

EMPLOYMENT did not decrease on electric railway properties during the first quarter despite a decrease in riding of 3.75% compared with last year. Fifteen per cent of the properties report an actual increase in the number of employees during the period. This, together with the fact that 1929 was one of the most successful years the electric railways have had since the war (net income was increased on nearly all properties and combined surplus was 5 times that of 1928), is taken as an indication that efforts at modernization made by the industry over the last few years are making themselves felt.

49th Convention

All this will hearten the 2,000 electric railway officials now on the way to San Francisco for the 49th annual convention of the American Electric Railway Association (June 23-26) and a program of speeches and discussions by industry leaders on the general theme of "1930's Challenge to Local Transportation Men." Among those who will play important parts are Paul Shoup, president of the association and of the Southern Pacific Company, Charles Gordon, managing director of the association, and John H. Hanna, president of the Capital Traction Co., Washington, D. C., who will be the next president of the association.

Points to Be Stressed

Some of the points to be emphasized by speakers: (1) The future of an essential industry is at stake, and the problems of the electric railways can best be solved by considering them from a national rather than a local point of view. (2) Equipment must continue to be modernized. To provide for this a group of expert designers are now functioning under auspices of a committee of presidents of street car properties, with $500,000 to carry on the work. Already a light-weight interurban car capable of maintaining a speed of 75 miles an hour has been developed. "The cornerstone upon which rests the whole structure of electric railway progress is the design of equipment and physical plant," says John A. Miller, Jr., managing editor of *Electric Railway Journal.* (3) The industry no longer holds a monopoly of local transportation, the automotive vehicle having entered the field, and state and municipal regulation should be revised to fit the highly competitive conditions now obtaining. Incidentally, delegates will be joyfully told that 7 states and 85 communities have relieved street car companies of paving charges—long a thorn in the side of the electric railway official.

The fact that 75% of those who move in congested centers use public transportation vehicles will be cited as a reason why these vehicles should be given chief consideration in any plan for relieving congestion. It will be stated that one 4-track rapid transit line will carry as many persons in rush hours as 25 double-deck express boulevards for private automobiles; that the way to relieve congestion is to build more rapid transit lines rather than roadways.

Plan for Financing

A promising plan for financing construction of rapid transit lines (admittedly not a field for investment of private capital) will be offered. It will be urged that, although property which receives direct benefits from the location of rapid transit lines plays an active part in dictating the placing of routes and stations, it has failed to carry its proper share of the construction cost burden in the form of a special benefit assessment. Under the proposed plan, the owners of a skyscraper would contribute to the construction cost of rapid transit lines built to serve them, on the basis of the burden their building places on the lines in the form of riders.

Summing up the significance of the convention, John A. Miller, Jr., managing editor of *Electric Railway Journal,* says, "Today, more than ever before, the interest of electric railway men is directed to improving service by improving the design of equipment and physical plant. But the cornerstone upon which rests the whole structure of electric railway progress is the design of equipment and physical plant. Great strides have been made in this. Operating speeds have been increased by more rapid acceleration and braking. Effective means to lessen vibration and noise have been developed by scientific study. These may be small things in themselves, but in the aggregate they constitute an important contribution toward improving the quality of service."

Other Cities Study Plan To Unify Chicago Transit

COMPLETE unification and coordination of the transit facilities of a large city will be achieved for the first time in this country if Chicago voters approve an ordinance to be submitted to them on July 1. Passage of the ordinance by the city council (47 to 3 vote), its subsequent quick approval by

NEW STREET CAR HEAD

John H. Hanna, president of the Capital Traction Co., Washington, D. C., will be elected president of the American Electric Railway Assn.

Wide World

THE ETHER POLICE

The most recent photograph of the Federal Radio Commission. Left to right, seated, Commissioners Robinson, Sykes, Saltzman (chairman), Lafount and Starbuck. Standing, Col. Brown, general counsel, Dr. Jolliffe, chief engineer, and J. W. Baldwin, secretary

the mayor, and present indications, appear to presage success at the polls.

Features of the plan which are attracting wide attention among transportation men here and abroad:

A corporation will be formed (Chicago Local Transportation Co.) to take over existing elevated, surface lines, and feeder motor bus routes and operate them as a single unit in the city and a territory extending 30 miles beyond the city limits, with transfer privileges between the various forms of transportation.

A transit commission, appointed by the mayor with approval of the city council, will exercise full powers of supervision over rates and service, issuance of securities, and other functions now carried on by the Illinois Commerce Commission. This gives the city "home rule" of its transportation facilities.

The new company will spend $200 million the first 10 years ($65 million the first 3 years) on extensions and improvements of elevated and surface car lines while the city will be busy building subways in the downtown district. Express tracks are to be installed on existing "El" lines so that practically every section of the city will have rapid transit service. More than 1,000 steel cars and a similar number of street cars and buses will be bought for rapid transit lines.

The Chicago plan which, if it goes through, will undoubtedly be the model for attempts at coordination in other large cities of the world, was worked out by a special committee of the city council with a group of business men headed by James Simpson and another group of the city's leading bankers. These men now sponsor the program and have announced it as fair to car riders, the city, and investors.

Corporations Fill 22% Of Community Chests

THE National Bureau of Economic Research has looked inside 129 community chests which last year held 83% of all funds raised by such chests in the country, and finds that corporations contributed 22% of their contents—almost $13 millions. Nearly half of this amount, 47.2%, came from manufacturing corporations. Retail and wholesale trade concerns contributed 22.4%, banks and trust companies, insurance and finance companies 17.1%, public utilities other than transportation 7.4%. Chain stores accounted for 2.9%.

The proportion of corporation contributions to community chest charities has been decreasing slightly since 1920. The bulk of corporation support is concentrated in a few contributions. In 29 community chests 4% or less of the number of corporations contributing accounted for 50% of the total amount corporations gave.

Corporations contribute most to chests in cities where they carry on their important manufacturing operations or have head offices. But this sometimes means many contributions. One corporation contributed to 99 different chests; 5 nationally known concerns to 50 or more each. Chain stores base their contribution policy on a desire to cultivate local good will. Of the total number of contributions to chests from chain stores 73.7% came from 34 national systems. Only two of the 129 community chests studied reported no contributions by public utilities.

Will Men Wear Standard Styles? Try Group Buying to Find Out

URGED by certain retail executives, Hart Schaffner & Marx will experiment in a limited way with group purchases of men's furnishings in a number of stores in which their clothing is the dominant line. A few buyers met recently in New York City to discuss the matter and lay plans for starting with the fall buying season. The trade is watching this experiment with considerable interest, so much so that stories about it now in circulation are more than normally exaggerated.

Proponents of group buying point out that large retail outlets such as Wallach Brothers, 12 stores in New York City, and Baskin, Inc., 5 stores in Chicago, exclusive distributors controlled by Hart Schaffner & Marx, are able to hire buyers of haberdashery, shirts, underwear, socks, hats, etc., whose skill and experience surpass those of similar buyers for single stores in smaller cities. This skill and experience might well be made available to other company retail outlets, they contend.

Mark W. Cresap, chairman, while affirming his willingness to try out any sensible experiment advocated by responsible men in his organization, has "some doubts" as to the feasibility of extended group buying in style and quality lines. Chain successes to date, he points out, have been pretty much limited to staples.

Skill at the point of distribution is

the key factor in a style and quality line, he states. "No two stores are the same. Like the men that run them and the communities that support them, they have their own individual peculiarities. I know one store in a good-sized city that sells practically no two-trousers suits. I know another in a similar city that sells little else. And so it goes. Each buyer must know the peculiarities of his store and its clientele. To force specific styles on a buyer is a mistake."

Style has been the main development in men's clothing in the past few years, Mr. Cresap observes. Whether or not wives and sweethearts be responsible, the male is increasingly style-conscious. He buys ensembles. Shirts, neckties, handkerchiefs and socks, to harmonize with each other and with suits, are the big thing now.

Style itself is in the process of being standardized on a national scale and a higher plane, some observers say. We may yet have staple ensembles as we now have staple blue serge suits. If so, group buying for style stores will be easier.

Hart Schaffner & Marx plans no large retail chain development, but is content to continue primarily a manufacturer and wholesale distributor. Like other large concerns of its kind, relations with many of its leading dealers are so close and of such long standing that financial interest could make them but little closer.

Dry Goods Wholesalers To Check Up on Mills

IN order to know what direct competition with mills wholesalers will meet, the Wholesale Dry Goods Institute is setting up a card rating system on mill selling policies. Each manufacturer will have his selling policies watched in the same way that credit information is cleared. The manufacturer's own statements will be recorded and then checked by interchange of information by the wholesalers themselves. This information will be collected on cards and made available to members of the institute. Through the central file, according to Flint Garrison, director-general of the institute, the wholesalers will know "which producers wish to make use of the distribution facilities of the wholesaler, and which are competing directly with the wholesaler."

Mr. Garrison reports, following a trip around the United States to visit his members and others in the trade, that 90% of the jobbers are united in endorsing the proposed study.

The position of the wholesaler has been materially improved, according to Mr. Garrison. He believes that the manufacturers have found it costs more to do one's own wholesaling than to let the jobber do it.

Helps Competitors Lick Costly Trade Problem

BANE of gas range makers, vendors, installers—chipping of the enamel somewhere between factory and kitchen. Usually nobody can prove just where, but the housewife demands and gets a replacement.

Standard Gas Equipment Corp. of New York has developed a technic of crating, handling, and uncrating that licks the trouble. This, perhaps, is of interest to a limited group. The thing that will interest all business men is that the corporation, instead of keeping the advantage for itself alone, has published a folder, copiously illustrated, describing the method for the benefit of everyone else, including competitors.

Clothing Retailers Debate Private Brand Problem

THE clothing trade is buzzing with comment on the recent decision of the John David men's apparel chain (11 outlets in Greater New York) to discontinue handling national brand clothing (Stein-Bloch) in favor of garments bearing the John David label.

John David declares that a retailer's label associated with distinctive styles and unusual quality in clothes carries more weight with his customers than a nationally advertised name.

Critics say that the new policy may be good for John David, since his advertising expenditures in New York alone far exceed those of many a clothing manufacturer in national advertising, but that it would not pay the average retailer. Against the contention of some that nationally branded clothing is practically through in New York, other distributors say that, although such brands are now concentrated in a few hands, they are, nevertheless, holding their own against opposition and against the prestige of a New York label.

Predictions come from Chicago store officials that private labels will enjoy a decided growth in popularity in the next few years. Yet fall will see the opening of a new Loop store carrying Society Brand clothing exclusively. St. Louis merchants, though putting increased stress on their own labels, hold that both private and national brands must be carried. Cleveland favors the subordination of national brands. A number of Cincinnati merchants have declared that John David has made "a logical move." But Buffalo retailers appear to be convinced that the public wants well-known lines.

Acme

PATRICK E. CROWLEY

The president of the New York Central takes a day off at the Siwanoy Country Club

Drug Stores Want to Be 10-Cent Stores, Too

ARE 10-cent tables in drug stores just dime foolishness? Of the 8,440 druggists queried by *Drug Trade News*, 43.8% answered that they are now operating or intend shortly to operate 10-cent departments. But manufacturers who sell goods in 10-cent units—drug stores now handle about 450 such items—are often hesitant about taking druggists' orders, fearing price cuts and consequent injury to their business with the regular 10-cent chains. *American Druggist* predicts that wholesale houses will confine 10-cent sizes to unbranded sundries, household remedies and toiletries.

What Kind of Tariff Is the Smoot-Hawley Bill?

Is It "the Highest in History"? Is It President Hoover's "Limited Revision"? Whose Tariff Is It?

THE most difficult, long drawn out, and important job of tariff revision ever undertaken in our history is finished. It took over a year to do.

Four and one half million words about it have been officially spoken in the Senate alone, according to Alfred P. Dennis, vice-chairman of the Tariff Commission. The debates on it fill 2,800 printed pages in the *Congressional Record.* The House Ways and Means Committee heard 1,131 witnesses and the Senate Finance Committee 1,312, and information and arguments submitted by interested parties have filled 11,000 closely printed pages. Printed data furnished by the Tariff Commission ran to 2,750 pages, with as much more information contributed in special reports by individual experts. It would take two sets of the Encyclopedia Britannica of 24 volumes each, running 1,000 pages to the volume, to contain the material contributing to the making of the new tariff bill.

Is It a Santa Claus?

What can a man believe about this tariff? Is it an economic Santa Claus we should continue to believe in because it hands out presents all around, or is it just a political Santa with a grab-bag for the favored few?

So far as the theory of the thing is concerned, that is an academic question which one doesn't get anywhere by debating. One can, and many do, hold to the philosophy of free trade or that of restrictionism, with high authority on both sides. But the business man doesn't care much about all that any more. The tariff isn't a theory now, it is a condition, more or less chronic, sometimes acute, as in this case.

The New Tariff

The Business Week begins herewith to tell what the Smoot-Hawley tariff bill is—reducing its vast complexities to simple and understandable terms.

The emphasis is not upon technicalities, individual schedules, or politics, but entirely upon the effects the bill is likely to produce.

More of the story will appear in later issues.

Theory aside, he knows he is faced with the practical fact of a new tariff which presumably will have some effect upon business as a whole, and perhaps on his own business. Whether he thinks trade restriction is sound in policy or not, whether this bill is right or wrong, he knows there is nothing to be done about it now but await results.

The effects of tariff revision are never very obvious or immediate. Most of them will be under the surface and few will be apparent, if at all, for several years. The real need now is to understand what kind of tariff bill this is and to forecast as closely as possible what general results may be expected from it.

In this and succeeding articles *The Business Week* will outline the more important features of this tariff bill as they relate to the following questions:

What kind of tariff is this in general?

What are the prospects that it will really benefit agriculture as it is intended to do?

Will it be a menace to our foreign trade?

How will it affect the domestic situation as regards protection of industry, price levels and living costs?

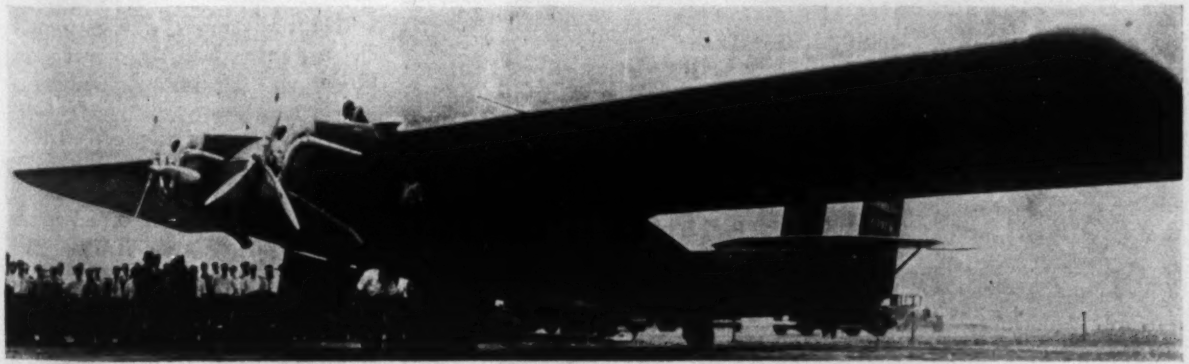
Can the flexible provisions and other administrative changes in it be counted on to help remedy its defects or increase its benefits?

First, as to the nature of the bill. There are three main points to be noted about it: (1) It represents a pretty general tariff revision; (2) under existing conditions it is probably the highest tariff in our history; (3) it is chiefly an agricultural tariff.

1,122 Rates Changed

Changes were made in the rates on 34% of the items on the present dutiable list. The total number of items is 3,218, of which 1,122 were changed—887 increased, 235 decreased. In that respect it does not accord with the President's specifications laid down in calling the special session to revise the tariff. Forty-seven items on the free list have been made dutiable and 75 now dutiable have been put on the free list.

It is a higher tariff, and how high is it? There is no accurate or scientific way to measure the height of a tariff wall. You cannot compare the height of tariffs merely by comparing the total amount of customs duties collected under them, because a low tariff or tariffs on certain kinds of imports may yield a larger amount of customs revenue than a high tariff. Tariffs apply to



International News

THE BURNELLI "ALL-WING" PLANE MAKES ITS TRIAL FLIGHT

Every part of this new-type plane is designed to contribute its share of the "lift." The fuselage, especially, is cross-sectioned like a wing. It carries 20 passengers in insulated, sound-proofed cabins. It is of all-metal construction particular things produced in particular countries, and what may be low for some of these coming from certain countries may be high for others. Moreover, a tariff that may be low at certain periods and under certain conditions of trade may be prohibitively high at other times and under other conditions.

The only way of measuring roughly how high this tariff is as compared with preceding ones is by estimating how much customs revenue would be raised by applying this tariff to the dutiable imports of a past year, and seeing how large a proportion of the value of these imports the customs revenue under the new tariff rates would be as compared with the proportion under the old tariff.

Average Rate 41%

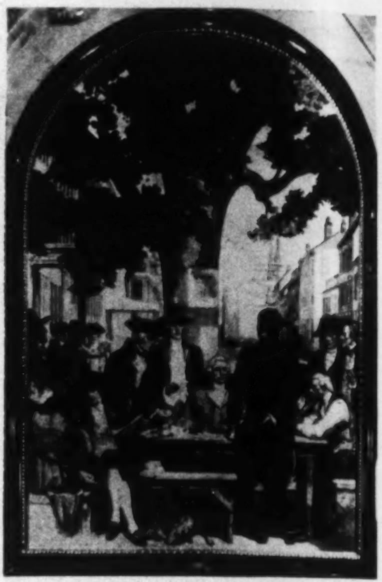
On this basis, the official estimates of the Tariff Commission show that the average rate on dutiable items in the new bill will be 41% as against 34% in the Tariff Law of 1922 now in force. That is, had the new tariff been applied to the dutiable imports of 1928, the amount of revenue raised would be 41% of the total value of those imports, while the amount of duty raised under the existing law applied to the dutiable imports of 1928 was 34% of the value of those imports.

Had the Smoot-Hawley rates applied in 1928 the customs collections would have been increased, in round numbers, from $550 millions to $650 millions, which means that consumers of those imported products would have had to pay at least $100 millions or nearly 20% more for them than they did pay. This, however, is not all the increase that consumers of products protected by the tariff would have had to pay, as will be seen later.

In McKinley's Day

Though this amount of customs revenue that would be collected on imports equal to those of 1928 is higher than the collection for any previous year, the proportion (41%) which they form of the value of those imports is apparently not so high as it has been under certain other tariffs applied to the imports of certain other years. The ratio of duties to total dutiable imports reached its highest figure under the McKinley tariff in the year 1899, when it was over 52%. This was at a period when prices had reached the bottom of a long decline over seven years. The estimated ratio under the new tariff (41%) is higher than it has been at any time since the tariff bill which President Taft reluctantly signed in 1909.

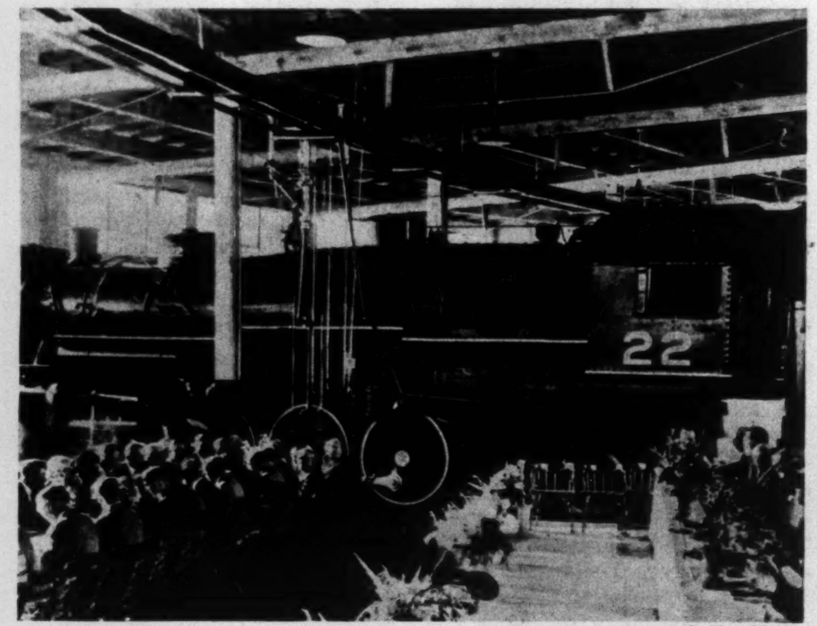
It may turn out, however, that the actual height of the new tariff wall measured in this way will be greater than it has ever been before, because the level of commodity prices has fallen rapidly since the tariff rates were fixed and may continue to fall if world-wide business depression is prolonged. The reason lies in the fact that the duties imposed in the tariff are partly ad valorem and partly specific—so much per unit. The ad valorem duties will always be the same proportion of the value of the imports no matter what their price is, but the specific duties become a constantly higher proportion of the value of the imports to which they are applied as the price of the imports declines.



Keystone.

UNDER THE BUTTONWOOD TREE

One of the murals in the new 70-story building of the Bank of Manhattan Trust Co. shows an early meeting of the New York Stock Exchange under the big buttonwood tree on Wall St. in 1792



Pacific & Atlantic

NO SMOKING

The annual dinner of the Toledo Smoke Abatement League was served in a railroad roundhouse, beside a locomotive with full steam up, to demonstrate the effectiveness of modern devices for eliminating smoke and gases

So, in 1930 or 1931, we may be importing the same volume of goods as in 1928, but the amount of revenue raised by tariff on those goods may be a much larger proportion of their value because that value has declined with falling prices.

Actual Burden Rises

That is why upward tariff revisions in the past have usually been made after periods of rising prices by jacking up the specific rates so as to give the same degree of protection as before. This revision, however, was made by increasing specific rates during a period of rapidly falling prices, so that the actual amount of burden or restriction imposed by it may be higher than it seems or than it was intended to be.

Other things being equal, present tariff rates ought to have been made lower than they were under the Act of 1922 because prices are lower. This decline in prices began before the revision of the tariff started and went on

Burroughs *Electric* Portable

Adding-subtracting machine illustrated, $175 delivered U. S. A.; $205 in Canada. Other electrics as low as $130; hand models as low as $80.

BUILT IN MANY STYLES AND MANY CAPACITIES

Burroughs offers a complete line of electrically operated Portables in addition to its popular line of hand operated Portables, hundreds of thousands of which are in use in stores and offices all over the world.

As the motor is built directly into the mechanism, there is no sacrifice of portability or compactness in these electrically operated machines. They are ideal for desk or counter use.

All Burroughs Portables are built in six, eight and ten column sizes. Many styles are equipped with direct subtraction, and with a wide or a narrow carriage. Other models for handling fractions, and for writing customers' statements.

Call the local Burroughs office for a demonstration, or write—

Occupies little more desk or counter space than the average business letterhead.

, , ,

Has the Burroughs visible, self-correcting keyboard. A fast, simple, easily operated keyboard, standard the world over.

, , ,

Automatic punctuation and printing of ciphers.

, , ,

Light depression of motor bar actuates the motor, which instantly completes the operation. Total key and sub-total key also actuate motor.

, , ,

Motor operates from any outlet or socket.

, , ,

Current used only when machine is in actual operation.

, , ,

Backed by the Burroughs standard guarantee.

BURROUGHS ADDING MACHINE COMPANY, 6166 SECOND BLVD., DETROIT

BACKED BY WORLDWIDE BURROUGHS SERVICE

rapidly during the process, but it has been entirely ignored. When the new tariff comes into effect it is probable that it will actually be much more than 20% higher than the existing tariff, close to, if not above, the highest in our history, and higher than for any country in Europe except Spain.

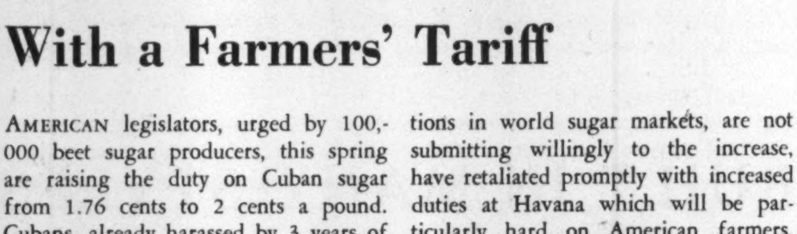
The general height of the new tariff wall, however, is not so important as are the places where new layers of brick have been added. From the point of view of domestic interests as well as foreign countries, it is not the average increase that matters but the distribution of that increase over specific classes of products. In this respect the new tariff differs essentially from preceding ones.

It is mainly an agricultural tariff. In that regard it does accord with the President's specifications. It puts high duties on raw materials of agricultural origin with the ostensible purpose of placing agriculture on a tariff parity with other industries. Representatives of agricultural organizations say that in this respect it nearly satisfies their demands. A very small proportion of the items other than farm commodities have been revised upwards. According to the most conservative estimates, about two-thirds of the total increase in customs duties to accrue under this tariff is traceable to protection of farm products or to compensatory duties on manufactured products arising from these changes in raw materials' tariffs. Thus when the tariff is raised on raw wool, for example, the increase on woolen goods may be counted as due to the increased tariff on an agricultural product.

Thus, the effects of this new, primarily agricultural tariff depend upon how effective it is likely to be for those products which it seeks to protect. Since this is a farm relief measure, the question is how much relief farmers are likely to get from it. Next week we shall look at the bill from that point of view.

Cuba Has Struck Back With a Farmers' Tariff

AMERICAN legislators, urged by 100,000 beet sugar producers, this spring are raising the duty on Cuban sugar from 1.76 cents to 2 cents a pound. Cubans, already harassed by 3 years of struggling to adjust demoralized conditions in world sugar markets, are not submitting willingly to the increase, have retaliated promptly with increased duties at Havana which will be particularly hard on American farmers. Nearly $30 millions of America's annual exports are affected. Duty increases range from 50% to 300%, became effective so suddenly on May 17 by presidential decree that few persons grasped the full significance of the blow.



Keystone

NEW MISSISSIPPI RIVER BRIDGE AT VICKSBURG

The only bridge between Memphis and New Orleans links Mississippi and Louisiana. It is more than 3 miles long, carries the railroad and an 18-foot highway, and cost $7,000,000

Cuba in recent years has obtained total supplies of pork, beef, lard, bacon, ham, and fresh eggs from the United States. Values are not insignificant: pork lard, $10,472,050; bacon, $2,397,618; pork in brine, $2,062,145; eggs, $1,651,302; ham and shoulders, $749,162; and hogs, $686,874. Purchases of other products starting from the farm are large, though for these the United States is not the sole supplier: evaporated and powdered milk, $1,744,024; cheese, $149,368; butter, $225,333; canned sausages, $271,939.

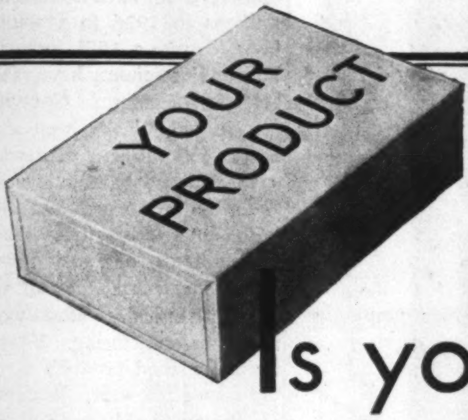
Significant Increases

With these figures in mind, May tariff increases take on real significance. The duty on jerked beef is increased from $6.40 to $9.60 per 100 kilograms; salt pork from $5.20 to $9.60; mutton from $4.80 to $9.60; pork lard from $3.20 to $7.20; bacon and smoked pork $4.80 to $12; cured hams or shoulders from $8 to $16; cheese $4.80 to $7.20; and butter from $0.084 to $0.176 per kilogram. On the majority of these items a surcharge of 10% of the duty will be added each year for 5 years, until the total increase amounts to 50%, at which point the duty will become fixed.

Americans consume something over 112 pounds of sugar per person annually, or a total of more than 6½ million tons. Little more than one million tons of beet sugar are produced in this country, to protect the growth and refining of which the country (including 6 million farmers and their families) is penalized on the other 5 million tons of its annual consumption. Now, Cuban retaliation to this measure practically cuts off a well-developed market near home for $30 millions of farm products and puts a damper on our entire Cuban exports which have already dropped from $200 millions in 1924 and 1925, to $128 millions in 1929.

Not All Revenge

Cuba's move is not entirely one of retaliation. Since the deflation period in 1921, Cuban purchasing power has declined steadily. Value of exports to the United States in the more rosy days before sugar marketing difficulties arose exceeded $375 millions; last year scarcely reached $208 millions. Cus-



Is your *Package* costing more than it should?

A timely question in view of the economies made possible by improved methods and machinery

NEW economies, made possible by modern machines and improved methods of packaging, make it necessary for the manufacturer of package goods to definitely check-up on his present costs.

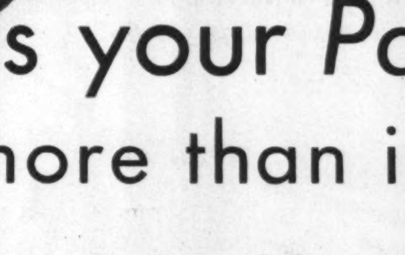
Constant improvement enables us to offer you, today, machines which produce marked savings in labor . . . increased production per square foot of floor space, through higher speed . . . and greater economy of paper and other wrapping materials.

These economies may run into thousands of dollars annually. In cases where other costs are rising, such savings in packaging are often instrumental in maintaining the sales price of an article.

By creating an entirely new type of package, the selling price of the goods can often be reduced. In this way one of our customers recently succeeded in extending the sale of his product to an entirely new price field. His new package gives the goods as much protection as his former package, and makes a first-class appearance in every way. The popular price at which the product can now be sold, because of the savings in packaging, enables the maker to back it up with a strong national advertising campaign.

We will be glad to look into your present packaging methods to determine whether any savings can be made. Such a check-up obligates you in no way, and may result in important economies. Get in touch with our nearest office.

PACKAGE MACHINERY COMPANY
SPRINGFIELD, MASSACHUSETTS
NEW YORK CHICAGO LOS ANGELES
LONDON: Baker Perkins, Ltd.



One of our machines that is producing large economies

Our Model F-5 is widely used because of its versatility, its high speed and the economy it makes in wrapping materials.

It wraps cartons in printed wrappers, glassine, waxed paper or Cellophane, attaching printed end-seals.

By its method of folding on the ends of the package, and by the use of separate end-seals, this machine *uses less paper than is possible with any other type of wrapping.*

Requires only one operator, and produces 25,000 to 27,000 packages per day.

This is but one of a line of machines for wrapping a great variety of products.

Write for catalogue.

PACKAGE MACHINERY COMPANY

Over 150 Million Packages per day are wrapped on our Machines

toms revenues have decreased from $40 millions in 1926 to a scant $35 millions, despite a 15% increase in rates. Railroad revenues have fallen 60% below 1925 returns. Government budgets have gradually been shaved; will be cut $12 millions next year.

In contrast to the attitude of the American sugar growers toward Cuba is the interest of Americans who hold $1½ billions of investments in the island, not a small part of which is in the sugar industry. Much money is tied up in manufacturing. Fifty new factories for food products were built on the island last year. Warren Brothers, of Boston, hold controlling contracts for construction of the new 700-mile Central Highway which is costing $72 millions. Traffic is possible on 400 miles now. Steady employment of 8,000 men on the highway in day and night shifts has been one of the few stabilizing factors in recent months. Sale this week of 135,000 tons of raw sugar to Russia relieves a congested market, brings a limited amount of relief to depressed growers.

Cuba's Heavy Payments

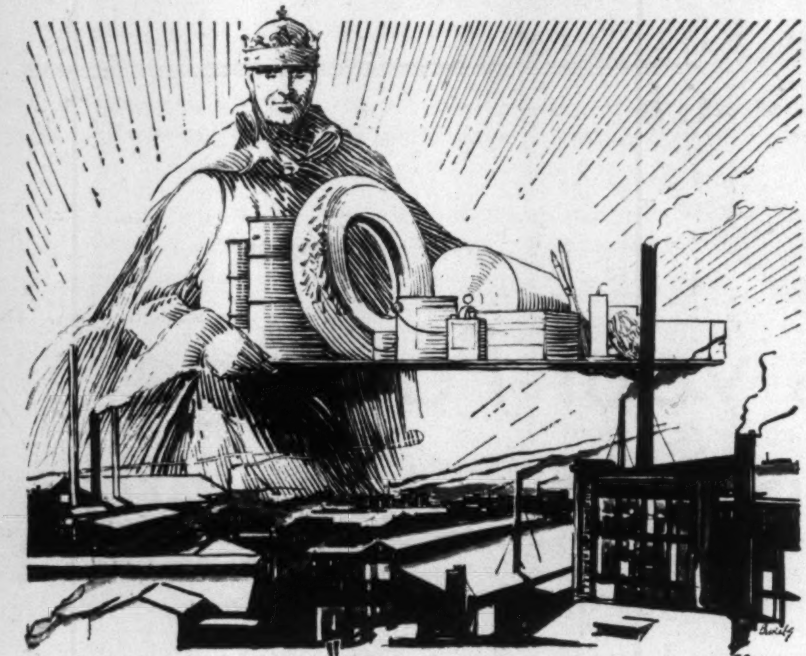
Smaller than Pennsylvania and with one-third its population, Cuba pays one-fourth of all the duties on foreign goods collected by the United States customs. In 1927, sugar-producing Cubans paid us $150 millions in duties, while Britain paid only $70 millions, France $52 millions, Germany $53 millions, and Canada, our best customer, only $30 millions.

Cuba is too good a customer to lose through carelessness, and yet, customs receipts show that Cuba bought only $3,145,608 in goods from us in January, compared with purchases in January 1927 worth $6,142,013. Purchases of eggs decreased 95% in the same period; butter 93%; corn 90%; cheese 88%; ham and bacon 77%; and rice 20%.

Cuba's move proves that a tariff usually has a double cutting edge, and that the "strike back" is direct. Farmers and politicians and business men can afford to scrutinize carefully this most recent move—and ponder it.

C-o-n-s-t-a-n-t-i-n-o-p-l-e Now Spells "Istanbul"

ALERT export managers have added one more to their list of "changed names" of cities. Washington officials have decreed that the ruling by the Turkish government that Constantinople become Istanbul be accepted.



What is "BARYTES"?

BARYTES is an important mineral used extensively in a great variety of compounds produced in the St. Louis District. More than half the entire output of Barytes in the whole United States is mined within sixty miles of St. Louis.

This exceedingly useful mineral is necessary in the manufacture of such diversified products as asbestos, blanc fixe, colors, explosives, fireworks, insulating material, lithopone, paints, paper, hydrogen-peroxide, printers' ink, rubber tires, tile, shade cloth, soap, ceramics and titanium pigments.

27 Raw Materials of the St. Louis District

Coal
Iron
Silica
Salt
Diaspore
China Clay
Lime
Fullers' Earth
Fluospar
Asphalt
Oil
Phosphate
Copper
Gas
Sulphur
Bauxite
Zinc
Lead
Tripoli
Fire Clay
Rock Clay
Barytes
Chalk
Gypsum
Granite
Manganese
Marble

Barytes is only one among the 27 great mineral resources of this vicinity. Some require quantities of cheap electrical power for their profitable development, and here is an unlimited electrical supply. Water is of major importance to others, and here is the Mississippi River. Coal is the determining factor to others, and here is the world's greatest coal field.

A Vast Consuming Market Close By

To all these, the vast consuming market of 50,000,000 people within 500 miles is a tremendous advantage. Quick transportation in every direction, and low freight rates, make distribution easy and profitable from this central city.

Already these conditions have built up a huge Chemical Industry in St. Louis. Here, for the new chemical industries of tomorrow, is the ideal location. If your Company, or one in which you are interested, uses any of these raw materials—or products made therefrom—it would pay to learn more about Industrial St. Louis and its advantages. Write Dept C-5.

THE INDUSTRIAL BUREAU OF THE INDUSTRIAL CLUB
ST. LOUIS

Gasoline Takes to Pipe Lines While Railroads Watch Sadly

RAILROADS watch apprehensively the new development of gasoline pipe lines, threatening fat revenues from tank cars.

Phillips Petroleum Co. announces it will construct an 800-mile line to move gasoline from the Texas Panhandle to Kansas City and St. Louis. Barnsdall Corp. announces it will build an 800-mile line from refineries at Okmulgee and Barnsdall, Okla., to Milwaukee.

The Barnsdall line will supply Milwaukee; will also have stations every 50 miles where gasoline will be drawn off for distribution by trucks within a 50-mile circle. The line will cost $8 million; capacity 150,000 barrels daily.

By Barge to St. Paul

Phillips is to build an 8- and 10-inch line from Borger, Tex., through Oklahoma and Kansas to Wichita, thence to Kansas City, Mo., thence through Jefferson City, Mo., to St. Louis. From Wichita, Kansas City, and St. Louis, gasoline will be distributed to service stations by tank wagons. Terminal facilities at Kansas City will permit extension of the line north or east; from St. Louis docks, gasoline will be barged as far north as St. Paul, where Phillips has large distribution facilities.

The Phillips line will require about 100 million pounds of pipe, supplied by Republic Steel Corp. and Youngstown Sheet & Tube. It will hold 10,800,000 gallons of gasoline at one time; cost $15 millions.

Halves Tank Car Costs

Gasoline usually has been shipped in tank cars, while pipe lines have carried crude oil and natural gas. One exception was adaptation of an old crude oil line from western Pennsylvania to New York, cleaned out by Standard of New Jersey and used now to carry gasoline westward (*The Business Week*, Apr. 19). Sun Oil Co. is laying a line from Marcus Hook, Pa., to Cleveland.

Barnsdall estimates gasoline can be piped at about half tank car rates. If experience substantiates this, other oil companies will be building lines. Better and cheaper pipe made by new automatic processes explain the recent swift expansion of pipe lines of all sorts.

Standard of New Jersey plans a twin 10-inch line for crude, to run from Tulsa, Okla. to Wood River, Ill. and connect with Illinois Pipe Lines system, controlled by Standard of Ohio. Observers see the $15 million line as preparation for a definite break with Prairie Oil, whose officers long have been flirting with Sinclair (*The Business Week*, Feb. 26). Standard now uses Prairie lines to bring its Mid-Continent crude to the Illinois Pipe Lines system. The project also indicates a closer affiliation between the Standard companies of New Jersey and Ohio.

California Fisheries Grow; 19 Packers Unite

NINETEEN packing companies producing 90% of California's $30 million annual output of canned fish have organized the California Fish Canners' Association; plan to affiliate with the National Canners' Association.

The organization is an outgrowth of the Sardine Packers' Association and absorbs the recently formed Tuna Canners' Association. It will furnish production studies and market information to members, and carry on exhaustive research looking toward improved standards.

The fishing industry is of ever-increasing importance to California. Los Angeles Harbor handles 300 million pounds of fish annually, exceeded only by Portland, Me. and Boston; leads all cities in fish canning with an annual pack of $11 million in tuna and sardines alone. Sardines and tuna have been the leaders, but recently mackerel has been canned at the rate of about 2 million pounds yearly, with 16 plants handling it in increasing quantities. Formerly there was little demand for canned mackerel; now it sells well, particularly in the Southern states. The reason is its cheapness. Pound cans retail at from 11 to 18 cents, about one-third the price of tuna.

Mackerel canning has been a boon to the industry by giving steady employment to large fleets of fishing boats formerly idle between the tuna and sardine seasons. Tuna run heaviest in the fall, somewhat in spring. The sardine season lasts from mid-January to mid-March. Mackerel are caught the year 'round.

Now They Are Putting Skyscrapers in Chains

DALLAS will get the first of a chain of 28-story skyscrapers to be built from identical plans in 6 of the country's larger cities. Each will be called "The National Building." Companies doing a nation-wide business are to be persuaded of the advantages of opening branch offices in identically located space in each of these skyscrapers so that all offices can be advertised under the same building, floor, and suite address.

Wide World

OIL MEN COME HOME

W. C. Teagle, president of Standard Oil of New Jersey, and J. A. Moffett, vice-president, arrive on the Leviathan after a visit to European headquarters

Corporate Farming Increases: Kansas, Nervous, Starts Inquiry

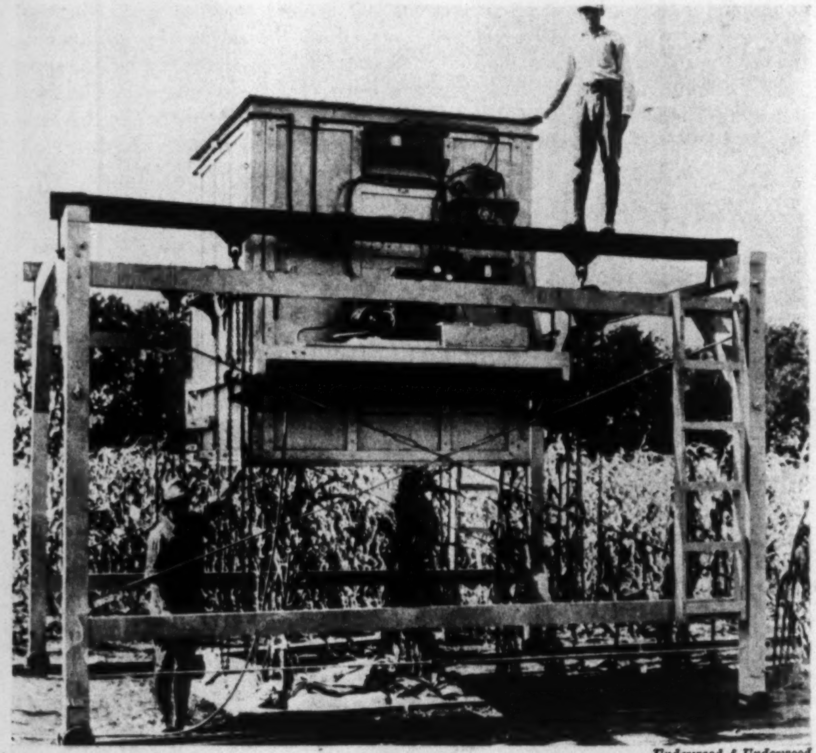
A BLUE sky investigation of corporation farming in Kansas is being started. Carl Newcomer, assistant bank commissioner, will inquire into books, records, methods of operation, and the general desirability of stocks of farming corporations as investments. "He does not anticipate any protest from the corporation managers," reports the Topeka *Daily Capital*, "since all projects are conducted by good business men and made an excellent showing when applying for charters."

Small Towns Emptied

Many protests against expansion of corporation farming have been received from Kansas country bankers and others, claiming that in some instances whole townships have been practically depopulated of permanent residents, with resulting financial disaster to business men in small towns there. Some bankers express the fear that customers will put money in farm corporation stocks instead of paying off notes when due. Nine farm corporations have been chartered by the state of Kansas. The acreage owned or leased by them is estimated at 150,000.

A few days before announcement of this blue sky investigation, John Bird, Jr., advertising manager of The Wheat Farming Co., Hays, Kansas, largest of the nine (a new field here for advertising men, it seems) sent detailed information concerning his company's project to show that farming by corporations which sell stock to the public has developed further in Kansas than *The Business Week* survey of large-scale farming, recently published, seemed to indicate.

His concern will harvest this year 35,000 acres of wheat, some three-quarter million bushels; and, in addition, 20,000 acres of corn, barley, and oats with which "great success" is reported. Wheat cost, including depreciation, taxes, and overhead, is $4.83 per acre as against $10 to $17 per acre cost to the average farmer, Mr. Bird states. Methods are those of the Fort Hays Experiment Station, where yield for 26 years has averaged 20.2 bushels. At this yield, $4.83 per acre wheat costs 24c per bushel. Most farm relief workers consider $1 a ruinous price.


Underwood & Underwood

FROSTS TO ORDER

This portable refrigerator unit was developed by the Department of Agriculture for its experimental farm near Washington. With it, growing corn can be studied under varied temperatures; a fall frost can be produced when it's 90 in the shade

Marketing is through the corporation's four elevators, with combined capacity 160,000 bushels.

Incorporated September 23, 1927, with 5,000 acres, the company expanded to 25,000 in 1928, 55,000 in 1929, 66,000 this year, and expects to have 75,000 before the 1931 harvest. Ultimate goal is 150,000 acres. Land is owned outright. Financing is by sale of a common stock issue of 150,000 shares, $25 per share.

Pays Yearly Dividend

"Although just out of the experimental stage, our company," states Mr. Bird, "has experienced considerable success in this plan of operation, having paid its stockholders satisfactory dividends of 12½% annually and established a strong business position."

His explanation of how a large operation increases the working time and efficiency of its machinery is significant. "Our farming operations are performed with 35 Caterpillar tractors and all necessary tillage and harvesting equipment. Machinery is routed through a company-owned machine distribution point. We have complete machine shops on each of our six operating units. All machinery is kept practically new, being overhauled every year and kept in the finest condition. As an illustration of the efficiency of our operations, we are able to seed the entire acreage in 10 days and perform other operations with equal speed.

Lag In Harvests

"Our land lies over 150 miles, reaching north, south, east, and west. There is a difference of 10 days in the maturing and time for preparation of the various crops, in the eastern and western ends of our project. Therefore, we can use the same machinery at the east end and move it west as the crops mature. In this manner we effect a great saving. This movement is done with 5-ton trucks. There is never more than one hour's time elapsed between the finishing of work in one field and the start of work by the same machinery in a field farther west. This machinery runs day and night in three eight-hour shifts during the whole of the summer season, as timeliness in this country is the vital factor in the production of high-quality and high-yielding crops."

Announcing NEWSTEEL Enameling Sheets

ANOTHER important type of steel sheet added to the Newsteel list! But offered only after a long period of research, study, and experimentation to assure character worthy of the Newsteel name.

Newsteel Sheets of various types have been recognized for many years for their fine quality, uniformity and advantageous working properties . . . a reputation which has gained the confidence of manufacturers throughout the country in products of the Newsteel Mills.

The same high standard of excellence, in NEWSTEEL ENAMELING SHEETS, is now available to manufacturers of refrigerators, washing machines, table tops, kitchen cabinets, utensils and other enameled ware.

Your inquiries are welcomed—and we will be glad to give you further information on this newest Newsteel Product.

THE NEWTON STEEL CO., YOUNGSTOWN, OHIO
Detroit Cleveland Chicago New York Indianapolis
PLANTS AT NEWTON FALLS, OHIO, AND MONROE, MICHIGAN

In connection with Newsteel Enameling Sheets, the services of the Newsteel Engineer are available for the study of your particular needs and the development of the proper specifications to assure best results.

SAVE WITH STEEL

Coal Tar

Pulls America Out of the Mud

COAL TAR... *maker of modern miracles*

Once rain was a jailer, converting roads into rivers of mud, penning folks up at home. In planning a trip, the sky was scanned instead of the road map; weather prophets were consulted instead of inclination.

But Coal Tar has helped to change all that. Now thousands of miles of by-way have become delightful highway—through Tarmac, a Coal Tar Product. Tarmac roads beckon motorists to greater enjoyment and safety. Tarmac beckons communities to greater economies, through balanced highway programs which provide comprehensive, all-weather highway systems. Systems that pull whole communities out of the mud, expand trading areas, make road investments pay trade and pleasure dividends.

Through Koppers Research investigations, many companies have learned of unusual ways of introducing economies and improvements in products and processes previously considered satisfactory. Perhaps Coal Tar or some of its derivatives can contribute something vital to *your* business. We will be glad to cooperate with you in finding out . . . won't you write?

AMERICAN TAR PRODUCTS COMPANY
PRODUCTS OF COAL AND COAL TAR

Division of The Koppers Company
1201 KOPPERS BUILDING
PITTSBURGH, PENNA.

Graduates Want A Better Break

Is industry to become collegiate or will the 400,000 collegians who are graduated this month become industrialized? Although, as pointed out in *The Business Week* (May 21), industrial organizations are avid in their search for college-trained men, opinions vary as to their value to industry.

College Men Impatient

According to J. E. Walters, director of personnel at Purdue University, who has had many years' experience in liaison work between college and industry, industry generally considers college men impatient, impractical, superficial, unable to handle men; says that they do not know what they want, accept jobs just for a year's experience, think industrial life unattractive. On the other hand, he points out, college men believe that industry does not offer them opportunities, care, training, work, pay, or considerate treatment commensurate with their abilities and education; that industry does not always know what it wants; that vocational information is virtually unobtainable from industry; that industry infrequently knows for what specific work it wants the college graduates it employs.

Mr. Walters suggests that college staffs may be somewhat at fault in this failure of agreement in attitude but he believes industry could do much more than it has done to remedy the condition. He points out that college graduates are young, ambitious, anxious to arrive. This anxiety and impatience to get ahead, which is bewailed by industry, should be harnessed by supervision and training to useful work.

The Industrial Viewpoint

College men, like all others, want as much pay as they can get. They consider 4 years' education entitles them to more pay than that given to skilled laborers. If this is not true why go to college? they ask. Industry says that their value is in the future; that, without practical knowledge, their fine education is of value only as a foundation upon which they can build faster and higher than those without it.

Mr. Walters believes that one great mistake of industry has been to pay second-rate men the same wages as first-rate men and complain later when their results are not first-rate.

Fewer Men, More Cars, Is Ford's 1930 Record

It took 16 men a day to build a Ford car last year.

This year, 11.5 men are employed for each car produced daily.

With 7,500 cars and trucks daily output last year, Ford was employing in major Detroit plants 120,000 men. With 9,565 units output at peak in April, 1930, 110,000 men were employed. Current output is 9,200 units, with 108,890 men.

The Ford plants will close for two weeks in July. Salaried employees will get two weeks' vacation with full pay. Continental Motors will follow the same plan. W. R. Angell, president, insists the plan is better than the usual practice of staggering vacations throughout the summer season.

Ford, never static, conferred in Washington with Secretary Davis about an industrial survey of his plants; talked with other officials about his scheme for considerable expansion abroad. He wants to invade China. It has been said there are 1,000,000 men in China well able to buy a motor car—were there roads on which to use them. Ford also contemplates expansion in South America on the model of his European development—selling 40% stock to local residents. He is delayed by the consideration that South American buying power is hard hit by the decline in raw commodity prices; any stocks purchased undoubtedly would find their way back to the United States very quickly, as did the stock of his English subsidiary.

3-Year Soviet Credits Forecast in Britain

By Special Cable to The Business Week

Great Britain's export credits guarantee scheme is in process of revision. Its operation is restricted now to orders for goods to be paid for within a year. Under that arrangement, for the six months September, 1929–February, 1930 inclusive, the government guaranteed $2,100,000 payment on 54 Soviet contracts of a face value of $3,500,000.

The new bill makes the export credits organization a separate department with its own executive. When that becomes law, British business men will try hard to get the terms extended to three years. Forecast is that this will be done.

The Russians are demanding three-year credits in most cases.

Parliament now votes a lump sum for the Department of Overseas Trade. There is no earmarking of specific sums for specific countries. It is impossible, therefore, to state accurately the amount of credits to any one country. The following estimates, however, may be accepted as reliable:

Credits granted, by months: September, 3, $15,000; October, 3, $375,000; November, 12, $375,000; December, 7, $350,000; January, 13, $550,000; February, 16, $400,000.

High Freight Rates Drive Steel to Water Routes

Added use of waterways for steel shipments, especially by Mid-West producers, is seen this week as a probable outcome of the increase of freight rates on steel products which went into effect May 20 at the direction of the Interstate Commerce Commission (*The Business Week,* June 4, 1930).

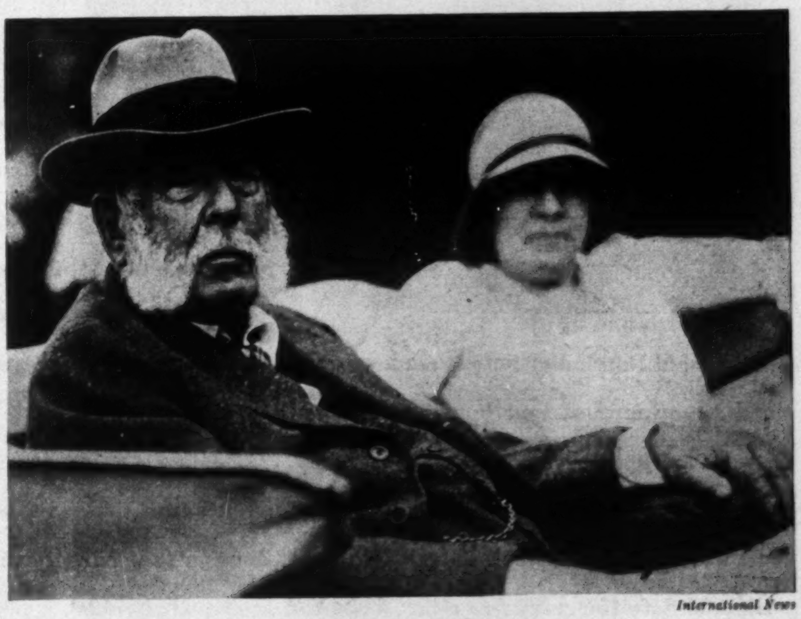
The Youngstown manufacturers, for instance, are seeking an outlet to the Ohio River which will permit inbound shipments of coal from Pennsylvania and West Virginia by barge, and will also afford reductions in carrying charges on outbound products. Youngstown pipe makers hope to arrange through shipment of pipe and other oil country goods on the Ohio and Mississippi Rivers to warehouses established in the Southwest.

The Jones & Laughlin Steel Corporation (Pittsburgh district) is said to be planning increased use of waterways for shipping bars and other semi-finished material between its plants. Other manufacturers in the district plan similar moves. Plants without river terminals may connect them by means of trucks and trailers.

Using Lake Transport

Milwaukee consumers of Chicago steel are also proposing more use of lake transport. Under the inspiration of Henry Ford the Cleveland manufacturers have been shipping into Detroit by water in much greater tonnages the last 2 years. Sheet bar now moves by lake both ways—between a Detroit mill and one in Cleveland, and between a Youngstown district mill and a Detroit finishing plant.

The mid-West steel industry appears to be particularly upset about the new freight rates. The higher rates on short hauls (75% to 125% increase) affected Youngstown shippers especially, and the higher intra-city rate (more than doubled) is considered a burden by shippers of steel in the Pittsburgh district.



International News

Banking's Grand Duke

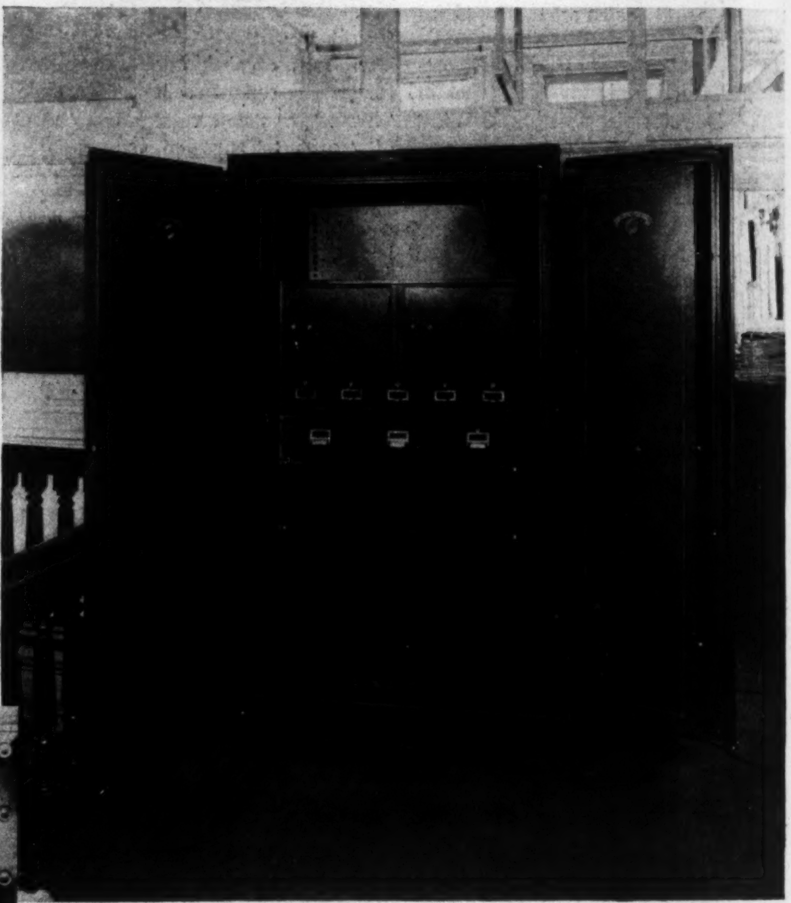
George Fisher Baker, at the Tuxedo Horse Show, does not look his ninety years. Oldest active business man of any eminence, the chairman of First National still attends his many meetings, handles his great affairs

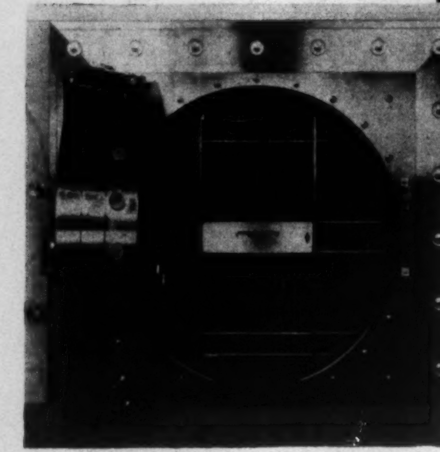
■

A BUSINESS THAT HAS LOST ITS RECORDS

is like a man that has lost his eyesight

HELP THE BLIND



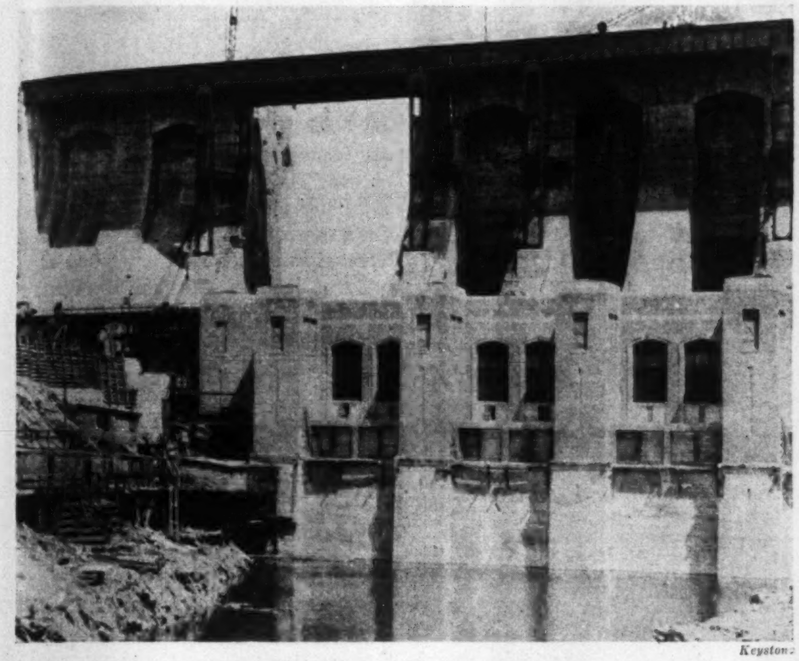


A CURIOUS CROWD stands watching the work of the firemen. "I wonder if the place is insured?" . . . is the natural question on every tongue. And yet insurance alone cannot protect a business. The eyes of a business are its records. Destroy these records and a business is left stumbling in the dark.

The Diebold Dominator Safe is made to protect records from fire. Tests have proved that this safe can withstand a minimum of four hours of furnace-like heat, a 30-foot drop, and reheating upside down. These tests are more severe than the worst of fires.

The Diebold Dominator Safe is made by the company that makes the well-known Diebold Bank Vault. The same workmen that fashion the Diebold Vault Door you see here, fashion also this Diebold Safe. There is a Diebold Safe for every fire risk. Write for descriptive booklet.

Diebold SAFE AND LOCK COMPANY, CANTON, OHIO
SEVENTY YEARS OF BANK SERVICE


Keystone

NEW ENGLAND'S LARGEST

Hydro-electric development is not confined to the great open spaces. Here is part of the New England Power Association's Connecticut River dam near Monroe, New Hampshire, which will turn out a quarter-million horsepower, nearly half that of Niagara

New Process Makes Rubber Serve Industry in New Ways

WITH the commercial development of electro-deposition of rubber upon iron, steel, and other metals just publicly announced by B. F. Goodrich Co., the importance of rubber as a new material of construction has been considerably increased.

Under proper conditions rubber possesses great resistance to corrosion and abrasion; presence of these properties has caused it to be extensively used in chemical industries for containers and equipment handling acids and various corrosive solutions; as lining for ball mills in cement plants and chemical plants; as surface material on chutes carrying abrasive materials; as coverings for fan blades in exhausters where corrosive gases are encountered; as plates in filter presses; as protective coatings on dredge shovels.

Electro-Deposit Used

Much of this development has been predicated upon the possibility of applying rubber to iron, steel, and other metals with a degree of adhesion approximating the tensile strength of rubber. There are several methods for accomplishing this. Possibly the most satisfactory one is an electro-deposition process developed by Eastman Kodak Co. and now being exploited commercially by B. F. Goodrich Co. Goodrich also controls the Vulcalock process for vulcanizing rubber to iron or steel. Use of these processes makes it possible to coat acid tanks, for example, with a soft rubber lining; to coat metal plates with a rubber covering to resist abrasion and to use rubber in numerous other ways where its properties of corrosion- and abrasion-resistance are desirable.

Muriatic acid has been transported for years in rubber-lined sectional wood tank cars; more recently in rubber-lined steel tank cars less expensive to maintain. Use of rubber-lined valves and fittings permits easy handling of acid from the tank car.

Several installations of rubber-lined chutes for abrasive materials have been in service for some time. The oldest, about 2½ years, has been handling 1,000 tons of sand and gravel daily. In the first 2 years of this service the rubber liners wore not more than $\frac{1}{16}$ in.

The shell of a large ball-grinding mill in a cement plant was lined with flat sheets of rubber 1 inch thick. After 14 months continuous service the lining was found to have worn not more than $\frac{1}{64}$ inch at any point despite the mill's load of 45,000 pounds of steel balls.

In collaboration with T. Schriver & Co., Goodrich has developed rubber filter press plates and frames. Proper control of rubber stock of semi-hard condition has produced plates and frames which will withstand any ordinary pressure up to 65 pounds per square inch. Another recent use of rubber is for "cutless" bearings, lubricated with water, which are giving remarkable service in centrifugal pumps for abrasive service. Journals running in these bearings actually improve with service.

British Tire Makers Urge Truck Delivery

BRITISH tire manufacturers are making a drive to inflate their sales. Prominent in their promotional campaign which urges the coal industry to transport its products in motor cars is the economy appeal. Because of short hauls and the prevalence of good roads they claim distributors can save $750,000,000 a year through truck delivery.

Carefully "protected" by a 33⅓% duty since 1927, the British tire industry is progressing even in these dull times. Previous to this levy, England imported tires and tubes valued at $15 millions. In 1929, imports fell in value to about $3 millions and exports increased to more than $20 millions. More than double the amount of crude rubber is used in Great Britain as compared with 1925.

Firestone, Goodyear, and Seiberling have established factories in England since the creation of import duties.

National Steel Reaches For Western Markets

THE NATIONAL STEEL CORP., holding and operating company recently formed by the Hanna interests of Cleveland, is extending its operations into the Mid-Western markets and away from the embattled East. It has organized a new subsidiary—Midwest Steel Corp. of Chicago—which proposes to erect a $50-million steel plant in the Chicago district. A 1,000-acre tract on Lake Michigan has been acquired; blast furnaces, complete steel mill and finishing plant will be erected. Original capitalization of the new subsidiary is $10,000,000;

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THE way to increase sales *this* year is to increase the number of spot stocks you maintain throughout the country—and thus develop territory you haven't been able to work properly before.

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We will receive orders from your head office, your salesmen or your customers . . . assemble from stock, pack, mark and ship your goods on the day the order is received . . . using your name as shipper to preserve your identity with your customers. If you wish, we will make "store door delivery" in any or all of our 126 cities and their suburbs . . . and arrange for store door delivery in the smaller towns of our respective trade territories. Your representatives may even use our warehouse offices for receiving mail and telephone calls, if you wish!

We will report all shipments or deliveries of your merchandise on the day they are made; and follow it at the close of each month's business with a stock report. If you furnish a list of your customers whose requisitions are to be honored direct, we can save days of time in filling orders.

Important Freight Savings

And wherever you are now shipping your goods in less-than-carload lots, we can help you arrange for carload shipments to a central market . . . then break up your carloads into smaller lots for reshipment a short distance to final destination. Your saving in freight will be large and you will speed up delivery by days or weeks.

This is the sort of thing our member warehouses are doing every day of the year for Beech-Nut, Bon Ami, Borden, Carnation Milk, Colgate, Comet Rice, Karo, Mazola, Argo, Linit, Flit, Vacuum Oil, Federal Match, Kotex, Hoover Sweeper, Lux, Rinso, Lifebuoy Soap, Mellin's Food, Ivory Soap, Postum, Quaker Oats, Tanglefoot, Vick's Vapo-Rub . . . and thousands of other products, made by manufacturers large and small. These nationally-known distributors have successfully used our services for years to distribute their products economically. Possibly the same plan of distribution will help you! We invite you to investigate.

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Public Merchandise Warehouse Division
American Warehousemen's Association
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it is expected to be increased soon to $50,000,000.

National Steel Corp. was formed last November as a consolidation of Weirton Steel Co., Great Lakes Steel Corp., and Hanna Iron & Ore Co., in addition to some 20 ore and mining companies and other subsidiaries of M. A. Hanna Co. The company is a completely integrated structure; controls 40,000 acres of ore lands—estimated to contain 40-50 years' supply; 50 years' supply of coal; blast furnaces and mills at Detroit, Buffalo, and Weirton, W. Va. Its ore and coal reserves are exceeded only by those of U. S. Steel and Bethlehem.

Massachusetts Passes Old-Age Pension Bill

MASSACHUSETTS has now adopted an old-age pension bill which will become effective July 1, 1931, if the State Tax Commissioner can discover a more or less painless way of obtaining the money needed to operate it. After 20 years of effort by supporters of state old-age assistance, Massachusetts becomes the twelfth state to provide organized aid for its aged and indigent citizens. New York state's pension bill was signed in April. (*The Business Week*, April 16.)

8,000 Get Benefits

The Massachusetts bill calls for an estimated expenditure of from $2½ to $5 millions; about 8,000 persons will derive immediate benefits when it starts operation. The State Tax Commissioner has been given until December 1 to find means for raising the necessary funds; his job is not enviable. Three ways are under consideration: increase in the poll tax; a luxury tax; a tax on proprietary articles. Other suggestions include a special poll tax on women; an increase in gasoline tax. Whatever the method, a bitter fight over it is expected.

Eligibility requirements under the bill: minimum age of 70 years; 20 years residence in the state—presumably continuous; citizenship; inability to care for self either through property, income, or relatives. Boards of Public Welfare in each city and town are granted jurisdiction over pensions, subject to review by a special state board. Normally, costs are divided between state and local community, the state paying one-third.

The plan is called an "Old-Age Assistance Plan" rather than a pension plan; it provides for "out" assistance so that dependents need not enter poor farms or other institutions unless required to do so by physical condition.

Seymour Parker Gilbert Joins the Unemployed

He Says He's Going to Take a Rest, But His Friends Hoot Derisively — For He Never Has

HAVING finished his job and left Germany, Seymour Parker Gilbert, for the last five-and-a-half years Agent General for Reparation Payments, becomes a distinguished addition to our unemployed. When he closed his office at 33 Louisenstrasse, Berlin, he turned over to the Bank for International Settlements a $36,000,000 cash balance. To this agency he relinquishes the difficult problem of collecting the war indemnities.

The job paid Mr. Gilbert $40,000 a year. He could have done much better on a commission basis. His collections for the Allied nations totaled over $2,000,000,000 in cash and kind. More amazing than the physical transfer of so much treasure was the tact with which it was accomplished. No brass bands or bouquets speeded his departure from Berlin, because he personified the wages of defeat. But he did take with him the respect of the young republic, to whose stability and credit his work has been a tremendous contribution.

Suave and even gentle in his manner, Mr. Gilbert showed that he could talk turkey when such conversation was needful. France, always fearful of her blond neighbor, hoped to keep the defeated indefinitely in financial bondage by avoiding a statement of total payments. Mr. Gilbert brought upon his head a storm of Gallic protest when his 1928 report said that Germany's total liabilities should be fixed.

Always the Realist

The young war bill collector seemed of such a sweet nature that Germany at times tried to weep her way into easier terms. Mr. Gilbert with gentle firmness produced figures to prove Germany was not so poor as she made out. Again: With credit re-established, public officials in Germany embarked gaily on a grand spree of borrowing. This financial intemperance was neatly nailed in a Gilbertian statement which pointed out that the results of overborrowing might have disastrous consequences on German credit.

Seymour Parker Gilbert is one youthful prodigy who has waxed with the years. He will be 38 years old the 13th of next October. When he took the colossal job in Germany he was only thirty-two. He has been called "a young Alexander Hamilton" and "a thinking machine." Nicknames must be suffered by one whose career has gone forward with such strides. When we say strides we mean strides.

Pacific & Atlantic

MR. AND MRS. GILBERT

Mr. Gilbert first attracted attention in Washington where he worked on the Liberty Loan staff of the Treasury. Guards of that venerable building still mention him with awe. Says one:

"Government employees aren't exactly famous for swift locomotion. But Mr. Gilbert! He used to go down the corridors at a pace that wasn't safe. His stride would average seven or eight miles an hour." With a pride in statistics typical of the department he added, "The average man takes 135 steps to walk the length of the Treasury Building. Mr. Gilbert took just 80."

The young man accepted this form of war work because an operation left him unfit for military service. He was a boy fresh from honors at the Harvard Law School when he arrived. A Phi Beta Kappa key danced wildly on his watch chain as he charged from one office to another. He was shy and awkward, but his appearance was too remarkable to pass unnoticed. Over six feet in height and thin. Feet a little more than in proportion, so generous in fact that few stores carried his size in stock. Humorous blue eyes. A firm but good-natured mouth.

He was a fiend for work. Young Gilbert always reached his first small inside office before the appointed 9 a.m., and the 4.30 quitting bell—sweetest sound to the resigned government worker—meant not a thing in the world to him. Stenographers and assistants liked him, but their inability to keep the pace he set softened their grief at his leaving. Records show that his average time for quitting his office during one period was 2.10 a.m.

A Cool Conferee

Mr. Gilbert worked with office windows wide open, even in sub-zero weather. In many a conference he was the only comfortable person in the room. Three secretaries were necessary to his output of work.

The discoverer of this phenomenon was Russell C. Leffingwell, now a partner in J. P. Morgan & Co. He had known Gilbert a long time—perhaps in his native town of Bloomfield, N. J. They were both in the New York law firm of Cravath & Henderson. Mr. Leffingwell brought young Gilbert to Washington to help him with the war and Liberty loans. When this patron went back to New York Mr. Gilbert's amazing abilities kept him moving upward. At twenty-seven he was Assistant Secretary of the Treasury. At twenty-nine he was Under Secretary of the Treasury with power to act for the Secretary. Between 1921 and 1923 he handled the refunding of $7,000,000,000 in government obligations.

A work-maniac of his retiring disposition naturally hated society. But society would not let him alone. A Washington dowager sponsored the brilliant young bachelor. She made him learn to dance. Conscientious teachers finally tamed the famous Gilbert stride until it moved to music. He could find more excuses for avoiding social functions than ten ordinary men. When he could not escape a dinner he would work until 8 p.m., make a wild dash for home, dress, and arrive an hour late with blushing apologies. Afterward he would return to his office and work until 2 or 3 in the morning still attired in evening clothes.

In Washington our busy bachelor met the tall Kentucky girl who became his wife. She was Louise Ross Todd of Louisville. Her mother was a famous beauty; her father, James Ross Todd, anciently aristocratic, wealthy. The marriage took place in Louisville and formed a peak of the 1924 social season. Soon after the honeymoon the young couple went to Berlin. Much of Mr. Gilbert's personal success in Germany has been credited to the social skill of his wife.

Plans a Vacation

Now Berlin is in the past, a banking machine at Basle has taken over the collection and distribution of German payments. Mr. Gilbert says that he needs a vacation and that he is going to take one. At this his friends indulge in incredulous grins. The picture of Mr. Gilbert's long frame disposed in the rocking chair of a resort hotel enduring the gossip from nearby time-killers is too fantastic for serious consideration. But they realize his determination is such that he probably could make himself do it.

Mr. Gilbert could have headed the Bank for International Settlements. He says that he hasn't a job and that he has no plans for the future. Here, then, is a young man of good habits, industrious beyond belief, experienced in collections, would make a valuable addition to any institution whose unit is the billion. Republican as to politics; Baptist as to religion. Reasonable offers considered.

Won't Be Idle Long

It is a safe bet that he won't be out of work very long. He has friends. One of them is Owen D. Young. Another is that same admiring Russell C. Leffingwell who disclosed the wonders of an unknown Gilbert to Washington. Regard these parallels and consider:

Mr. Leffingwell was a lawyer who specialized in finance and business. So is Mr. Gilbert. Mr. Leffingwell went to Washington where his knowledge proved extremely valuable to the Treasury Department. So did Mr. Gilbert. After the Washington interlude, the firm of Morgan, ever alert for rich new blood, took in Mr. Leffingwell as a partner. So—well, anyhow, it is easy to understand the rumor that the next addition to the Morgan partners will be Seymour Parker Gilbert.

To Corporation Executives

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Britain's "Free-Trade" Labor Is Turning Protectionist

Propagandists for an Empire Tariff Wall Find Government Party Already Committed in Principle

THE whole world is in a fever of debate on the question of trade restriction. Not only are protectionist countries in continental Europe, America, Australia experimenting with new tariffs and other forms of trade restriction, but protection has become a live issue in free-trade Great Britain. Although the recent threat of Lord Rothermere and Lord Beaverbrook to launch a new protectionist party under the disguise of a campaign for Empire free trade is temporarily in abeyance, the Conservative party is still flirting with the idea, advocating extension of "safeguarding" duties, and the Labor party itself is taking on more definitely protectionist color. The result may be a drastic political realignment in Great Britain which will split both the Conservative and the Labor parties and leave the Liberal party as the only nucleus around which the free traders from both other groups could rally.

Party Divided

By tradition, organized labor in Britain is for free trade, but in the past 30 years the protectionists have done much educational work and there is an increasingly clear division of opinion in the Labor party. In 1916 the Trade Union Congress, the governing body of labor in England, adopted a resolution calling for methods "to restrict or prevent importation of cheap manufactured goods produced at lower wages and under worse labor conditions than those in England." British labor has never gone back on this pronouncement, and applications to the British Board of Trade for safeguarding tariffs in the 8 industries now so protected were supported by the trade unions affected. There have been increasing instances of individual labor leaders and labor organizations pronouncing in favor of some form of protection, so that it is now clear that the organized labor movement and the official Socialist party in power are no longer solid for free trade.

In England, as in most other European countries, protection does not necessarily mean high tariffs. There are many indirect forms of protection in use, and the increasing opposition to free trade in Great Britain is really a demand not for high tariffs but for the use of such other forms of protection. The present Socialist government is committed deeply to the general position of protection in this sense and probably will not hesitate to use the tariff method if necessary.

Trade unionism as it exists in Great Britain is itself highly protective. The British Minister of Unemployment, J. H. Thomas, recently instructed firms and municipal bodies placing contracts for work to consider the status of the worker and the wage rates in the countries making the offer and to give precedence to British bidders on this basis. Provisions in contracts for British work abroad requiring the use of British equipment or supplies for maintenance and repair are also protective in principle. The pending coal bill is also designed to protect the British coal industry by facilitating exports, as are the proposals to give a bounty to British millers. Export credit guarantees and many other types of legislative aid to British industry in use are essentially protectionist.

Whatever resistance to protectionism may exist in the Labor party is based on fear of increased costs of living. This resistance, however, would probably be broken down by the force of sectional interests, much as it has been in the United States. Workers in each industry would be in favor of higher tariffs to protect their own products, and by a process of trading all around they might easily reconcile themselves to a general protective tariff system.

Women's Vote Uncertain

An uncertain factor is the women's vote on free trade, which has never yet been tested. They would probably vote down protective tariffs on the old free-trade cry of higher food costs, but the Conservative party is pledged not to increase tariffs on food without a referendum. The attitude of the young mass of voters is uncertain, but the protectionist press campaign has caught the imagination of many hundreds of thousands of young Britons.

Even though this drift toward protection in England may succeed politically, it is impossible to see how it can be anything but disastrous economi-

Pacific & Atlantic

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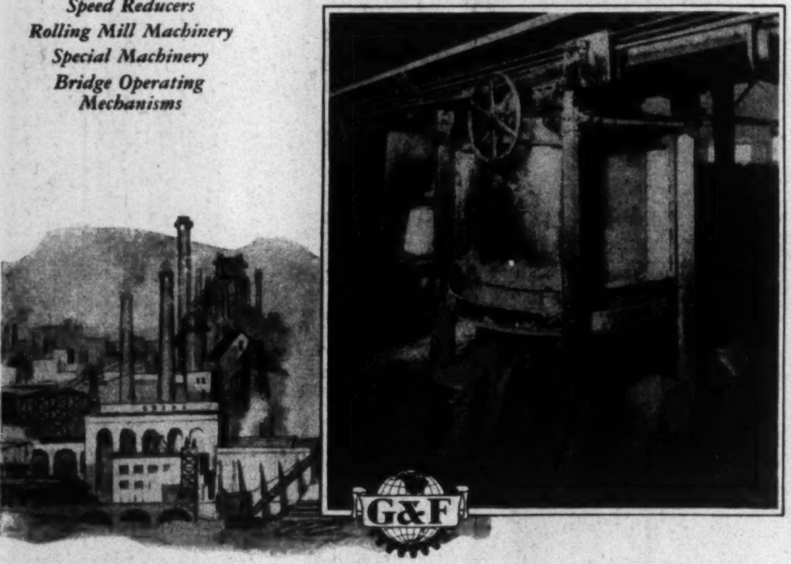

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cally. The fundamental obstacles in the way of setting up a tariff wall around the British Empire are so serious that there is a great deal of hesitancy and vacillation among important business interests about the whole-hearted adoption of any such policy. There are three main reasons for this. In the first place, the British dominions are strong and independent enough to reject any such policy if it is against their own interests.

Dominions Unwilling

For example, Australia is highly unlikely to admit British manufactures in competition with her woolen, steel, leather, and other industries unless she gets something substantial in return. Consequently, the only hope of direct gain for Great Britain is confined to the Crown Colonies and the territories under British mandate, which are not in a position to ask anything in return. Any such attempt at one-sided exploitation of these parts of the Empire would probably serve to increase colonial unrest and nationalist demands for independence in such territories as India and Africa, thus adding to the political troubles of the British Empire. Considerable parts of these territories were acquired at the expense of other countries and the policy of not discriminating against trade of non-British origin in these regions has helped to reconcile other powers with imperialistic leanings to British control of them.

Would Cut Income

Another important consideration here is the fact that tariffs imposed for revenue on goods imported into British colonial territories are the most important source of colonial income. Such income would be lost under a system that admitted British goods duty free and placed prohibitive tariffs on other imports. The natives could not be taxed sufficiently to cover the revenue deficit and the development of colonial areas would probably be greatly retarded.

Furthermore, Britain would have to put tariffs on food and raw materials from sources outside the Empire as a necessary quid pro quo. This would mean imposing tariffs on nearly two-thirds of the imported foodstuffs and about three-fourths of the imported raw materials which Great Britain requires. The policy would therefore certainly reduce real wages in England by raising food prices and increasing the cost of raw materials to British manufacturers.

Swift Survey of Business Abroad

EUROPE

By Special Cable to The Business Week

RAPIDLY souring markets necessitating immediate action forced a final midnight agreement on the Young bond offering between representatives of the German government, the International Bank, and the treasuries of the respective creditor powers and underwriting bankers in Paris Thursday. Business is relieved now at the prospect of prompt completion of an operation which has disjointed money markets and held up other capital issues for the last five weeks. Final terms are more favorable to investors and less favorable to German credit, but the issue is no criterion of anything but itself, due to its own artificial nature and the unnatural circumstances which have grown up around it. Completion of the marketing will unblock capital congestions and undoubtedly be followed by exceptional financial activity. This is the more welcome as last year's long term orders are reaching execution. It will probably be some time before new long term contracts can be entered and business is filling the gap with slack hand-to-mouth activity.

Reviewing Europe, only three countries still show a net relative improvement over a year ago—France, Sweden and Jugoslavia. Three others are more or less holding their ground—Czechoslovakia, Switzerland, and Denmark. The remainder reflect various degrees of acute depression, particularly marked in Germany. It should be noted, however, that business thought is less worried now over further accentuation of the depression than over its duration.

Authoritative French sources positively assert that the reported British-Belgian steel export sales agreement does not mean Britain's side-door entry into the international steel cartel.

By Special Cable to The Business Week

Germany—Business interest is centered in the conference among industrial and labor leaders. If a truce is consummated between capital and labor it will facilitate price readjustment, restore the confidence of business leaders, and strengthen the position of German industry in foreign markets. This cooperative move is seconded by government plans now under way including a scheme for the construction of 40,000 apartments, mostly small houses, and providing work for 150,000 men. Further plans call for the speeding up of the award of building contracts for federal railroads and post offices.

While the business community pins its last hopes on the issue involved at the industrial peace conference, current indicators deepen the general feeling of pessimism. Coal production has declined 20% since January, with stocks at the pithead doubling. Steel reports current orders 40%, current production 70% of last year's figures. Textiles make the largest contribution to the general gloomy outlook, cotton barely maintaining production on hand-to-mouth orders, while the largest woolen concern — Norddeutsche Wollkaemmerei, Bremen—passed its dividend. Car loadings is the only indicator showing slight improvement during the last week in April though it is still 12% below loading for this time last year.

Following Daimler-Benz, Horch, of Zwickau, so far the most successful automobile manufacturer in the country, passed its dividend, thus suggesting the gravity of the crisis in the German automobile industry and reviving rumors of imminent mergers among the larger automobile concerns. Figures for last year's automobile sales reveal a further shifting of the German market from the expensive to the lighter inexpensive cars.

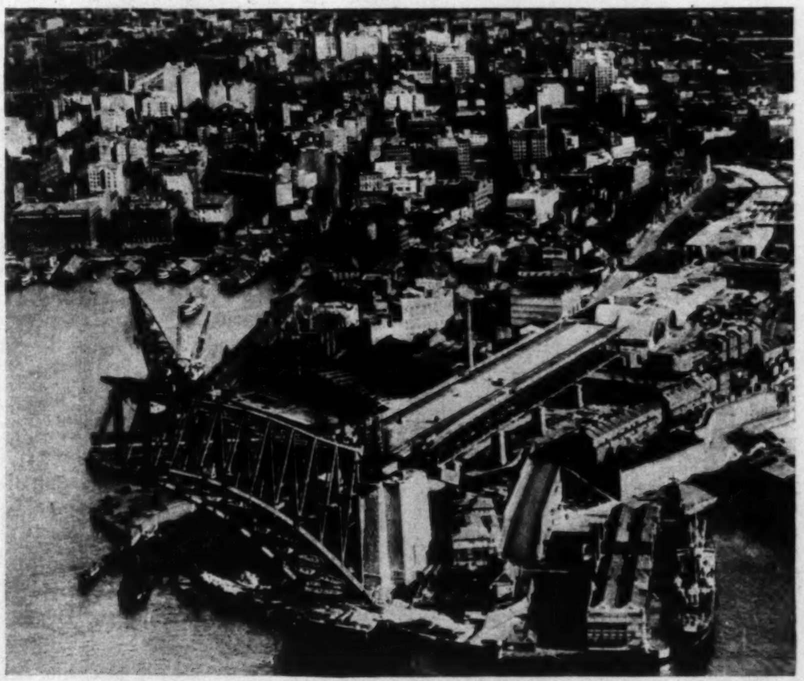
By Special Cable to The Business Week

Great Britain—Lack of confidence continues to dominate the business situation. Commodity markets are dull on falling prices, industry is becoming more stagnant, stock markets are idle.

Three of the key unions which have been holding out in the wool dispute have surrendered to the owners, declared the strike ended, and accepted the Macmillan wage rates. More than 16,000 members resumed work June 4. Other unions are expected to follow.

Lancashire Cotton Corporation increased its capital by a further $2 millions and now controls 10 million spindles. In a statement to the directors, the chairman outlined a program for steady increase of rationalization and for reduction of costs through careful standardization of yarns, but declared that progress of reconditioning the mills would be deliberately slow.

British-Russian trade is active. Soviet orders this week in London for fertilizers totaled $1 million, and for electrical equipment $5 millions. Other



International News

SYDNEY HAS ITS SKYSCRAPERS

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big contracts are pending. Technical assistance contracts, now largely held by United States and German engineers, are anticipated by British experts. The Soviets are opening a London engineering office in which they plan to draw up working plans for technical projects in collaboration with British industries. Manufacturers foresee materials orders being turned to British producers under the new arrangement.

A special committee of bankers has drawn up a scheme for reconstruction of the Royal Mail Steam Packet lines (the Kylsant group, which includes the White Star Line). New plans involve drastic changes in financial policies and in the personnel of the board of directors. Lord Kylsant is said to have accepted preliminary plans but details have not yet been published. The latest balance sheet, just published, showed that $62 millions out of a total of $95 millions in assets represented subsidiary companies and were entered, according to the auditors, at substantially above their current real value. Also, an additional $14 millions in contingent liabilities are almost wholly government guarantees on special shipping facilities built and now in operation under Royal Mail Meat Transports, Ltd. Illustrating recent share depreciation of Royal Mail stocks, ordinaries are now quoted at one-fifth the 1929 high, preferreds roughly at one-quarter, and debentures at about two-thirds.

Tariff reformers are strengthened by an unexpected majority in the Manchester Chamber of Commerce in a test vote on safeguarding or protection. This result in the historic home of Free Trade shows the genuine progress of the Beaverbrook campaign and will encourage the official Tory party in its protection plank.

Unemployment has increased nearly 11,000 making the total figure in all categories nearly 1,800,000.

By Special Cable to The Business Week

France—Business conditions are still generally satisfactory despite curtailment of production in the key industries, but anxiety for the immediate future is increasing. April coal, iron, and steel production are all lower, with further contraction predicted. Depression in cotton and textiles continues. Silk producers are sharply curtailing because of reduced American consumption and the growing Japanese competition, but wool is active and automobile sales are almost equal to those of last year. Four months' trade reports show that imports from the United States are down $10 millions and exports down $7 millions. There is also a decline in British trade, but imports from Germany are up $32 millions. Crop prospects are less favorable since May.

Sentiment against the American tariff is increasing among trade and industrial organizations and both groups are publicly demanding retaliation in cooperation with other European countries. The Swedish SKF roller bearing combine has acquired control of two of the leading French manufacturers. Added to production in their own plant near Paris, their total output makes them dominant in France. Kuhlmann, largest chemical firm, with a $40 million balance sheet, reports a profit of $2 millions, with a good increase during the past year.

By Special Cable to The Business Week

Roumania—Business leaders in Bucharest consider the coronation of Carol definitely to settle the succession issue. The population is satisfied; business confident. Refusal by Vintila Bratianu's antiforeign party to recognize the King is expected to eliminate them politically, and clears the way for progressive economic development. Maniu probably again will be premier. In his previous premiership, he reversed Bratianu's confiscatory policies and sought to restore conditions favoring foreign capital, a policy which Carol is now expected to support.

By Special Cable to The Business Week

Italy—Currency policies of the Bank of Italy are becoming one of the principal factors governing present and prospective business conditions. The recent reduction of the bank rate to 5½%, besides reflecting dull trade, was intended to ease the money market, but having failed, reduction to 5% is expected soon. A slight rise in consols means that cheaper money is expected and reflects the confidence which has been inspired by the Finance Minister's statement that government finances are sound, and that no forced conversion will be made of the 9-year bonds expiring next year. The wheat duty has been raised from 73 cents to 86 cents a bushel, and duties on wheat products have been raised in proportion in order to protect the home market in view of present unfavorable crop prospects. A credit consortium for the industrialization of agriculture has been formed. Credits-in-kind will be issued under the authority of the Ministry of Agriculture.

Monteponi, of Turin, largest Italian zinc and lead producer, has raised the company's capitalization from $1,258,000 to $1,640,000. The fifth International Navigation Congress will be held in Rome in the autumn of 1931.

LATIN AMERICA

Conditions have changed but little during the week. In Argentina, investors showed interest only in government and provincial bonds. Grain prices continue weak in the absence of export demand. Railroad receipts for the 11 months ending June 1 were 13% under the corresponding 11 months last year. Buenos Aires customs receipts to June 4 were $54,150,000, which is $9,380,000 less than for the corresponding period last year. To combat increasing unemployment, Union Ferroviaria, one of Argentina's largest railwaymen's organizations, has voted to accept a 6-hour day. At least 3 more months of slack trade are expected before the new harvest brings improvement and it is expected the fall in exchange will not help exporters.

Dr. Kemmerer has accepted Colombia's invitation to go to Bogota to reorganize the fiscal affairs of the country. Anticipated loans for Colombia probably will not be consummated until Dr. Kemmerer and his assistants complete their work.

Chile has announced that one million workers, or about 25% of the population and nearly 84% of the insurable labor population, are insured under law against sickness, invalidism, old age.

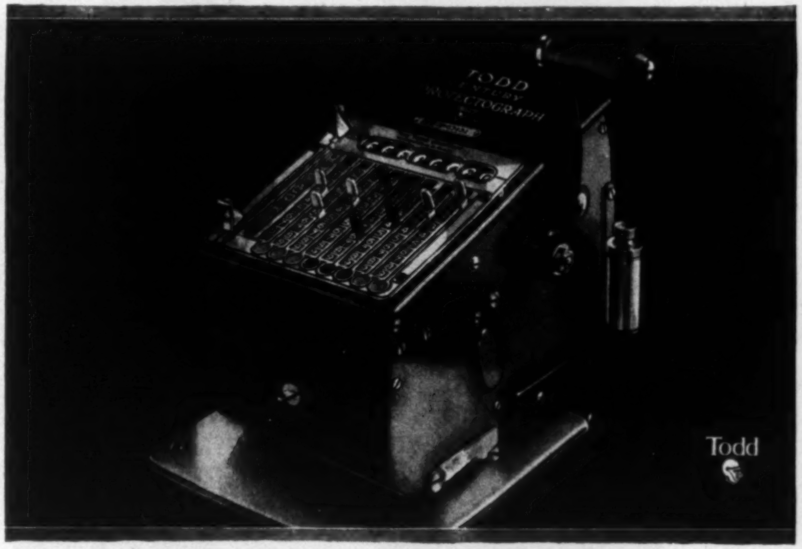
Mexico's debt situation will be discussed in New York late in June by the International Committee of Bankers on Mexico.

Argentina—Rains bettered pasturage prospects last week and made one of the few bright spots in the business outlook. Prices continue weak and exports are off. Wheat shipments were 2,508,000 bushels, compared with 5,843,000 bushels in the corresponding week last year. Corn sold 1,708,000 bushels, compared with 7,379,000 last year; and flax seed 432,000 compared with 1,651,000.

La Nacion, popular Buenos Aires daily, this week praised the unofficial conference of Latin American and United States farm interests to be held in Sacramento, California, in August (*The Business Week*, June 11).

The Goodyear Tire & Rubber Co. will start construction of its South American plant near Buenos Aires about July 1. The plant will have a capacity of 1000 tires and tubes daily and will employ about 400 men.

"WE WOULD NOT ACCEPT DOUBLE THE PRICE WE PAID"



INTRODUCED two years ago, the Century Protectograph has made itself indispensable in efficient offices everywhere. Without exception, Century users commend its speed, ease of operation and versatility. A letter from one of them is reprinted below.

INDEPENDENT SALT COMPANY
369 Lexington Avenue
New York City

The Todd Company
Rochester, N. Y.
December 14, 1929

Gentlemen:

It would be a pleasure to have our name added to your long list of satisfied users of the Century Protectograph.

We would not consider accepting double the price we paid for same if we could not purchase another.

We sell only the best in our line and use the same policy in buying, which is another reason why we have your machine.

Yours very truly,
Wm. G. Porter, *Treasurer.*

Handsome and sturdy, the Century Protectograph is faster than any other check writer, except the larger, more expensive Todd Super-Speed. Experienced operators have acquired a speed of 1000 checks an hour. Its handle responds to the touch of a little finger. Its three-color keyboard, and dials which instantly show the amount set up, make mistakes almost impossible. Identical amounts may be repeated indefinitely, merely by pulling the lever.

The Century's attractive two-color imprint distinguishes your checks as it protects them. You'll find it good business from every angle. For more complete information, use the convenient coupon below. The Todd Company, *Protectograph Division*, Rochester, N. Y. *Sole makers of the Protectograph, Super-Safety Checks and Todd Greenbac Checks.*

THE TODD COMPANY, *Protectograph Division* 6-30
1124 University Avenue, Rochester, N. Y.
Please send me complete information about the Todd Century Protectograph.

*Name*______________________________
*Address*______________________________
*Business*______________________________

TODD SYSTEM OF CHECK PROTECTION

Wide Reading

Stabilized Employment. F. G. Hershberger. *Factory and Industrial Management,* June. Budget production and stabilized employment.

The Peculiar Weakness of Mr. Hoover. Walter Lippman. *Harpers,* June. Probably the best estimate of the President within the year. Well told.

Motion Picture Engineers Survey Latest Advances in Sound-Pictures. *Electronics,* June. Sound-pictures jumped weekly theater attendance from less than 60 millions to more than 110 millions; only Germany, England, France, and Italy have more movie houses than Russia; only 25% of United States theaters are chain controlled but they represent key theaters throughout the country.

She Handled Woolworth's Campaign. William Boyd Craig. *Nation's Business,* June. Some of the best advertising men in the country vainly sought to obtain the account. Story of Miss McNelis, who made the campaign a success.

Cloak & Suit. *Fortune,* June. The country's fourth largest industry is at the mercy of labor and woman's vanity—both uncertain. Manhattan's 150 acres of garment district interpreted.

San Francisco Greets N.E.L.A. *Electrical World,* June 7. Special issue featuring western engineering.

An Architect Describes His Interest in the Sales Policies of Manufacturers. Leon F. Urbain. *Class & Industrial Marketing,* June. A belief that the building field can cooperate with benefit to all.

National Brands vs. Private Labels in Chain Store Advertising. *Food Distribution,* June. 45% of all items advertised are brands of national manufacturers.

The Publishing Industry Discovers Economics. O. H. Cheney. *The Publishers' Weekly,* June 7. Events leading up to the front-page "dollar book" announcements of two weeks ago developed with the logic of economic cause and effect.

Soviet Purchases in Western Europe. *Economic Review of the Soviet Union,* June 1. Russian buying from October through March shows new trends. Britain and France are selling more.

United States Foreign Trade With Leading Countries by Economic Classes in 1929. *Commerce Reports,* June 9. Striking evidence of changing trends in manufacturing.

Do You Plan to Sponsor a Radio Program? Roy S. Durstine. *Nation's Business,* June. You probably don't know what time people go to bed on the farm, who reads the car cards and never hears a radio, when students "listen in." An advertising man advises.

The New Air Mail Act. W. G. Herron. *Western Flying,* June. What the Watres-McNary bill will do for aviation.

Cotton: the World in Revolt. *Fortune,* June. The Southern aristocrat has lost by one-eighth of an inch—or more. North Carolina's governor writes a challenge to the American grower.

BOOKS

Operating Aspects of Industrial Mergers. William R. Basset. Harper, 205 pp., $3. Description of current movement for industrial consolidations; emphasizes possible economies and management problems. Useful examples.

Group Incentives: Some Variations in the Use of Group Bonus and Gang Piece Work. C. C. Balderston. University of Pennsylvania Press, 171 pp., $2.50. Advocates use of group incentives for interdependent jobs and shows their place as a tool of management.

Is It Safe to Work? Edison L. Bowers. Houghton, Mifflin, 229 pp., $2.50. Thousands of workers are killed or maimed annually in industry, 75% of them in preventable accidents. Discussion of accident prevention, workmen's compensation, and vocational rehabilitation. A Pollak Foundation study.

The Letters of Alfred Krupp. Dial Press, 416 pp., $5. Life of the world's greatest ironmaster and the growth of his business from 1826 to 1887 as seen through his letters.

King Mob. Frank K. Notch. Harcourt, 226 pp., $2. Short, swift, belligerent, witty attack on modern advertising and the machine age.

The transmission that is

protected against failure

at all four points

FRICTION and wear . . . enemies of efficiency . . . handicap transmission at four points: through side meshing contacts, too many parts, materials not entirely equal to the job, and parts inaccurately made.

Diamond *High-Speed* Roller Chain is protected at all four points.

All Diamond Chain contacts are *rolling contacts:* each link is a roller bearing. Parts in Diamond Chain are reduced to a minimum: there are only four parts in each link. The construction permits the contact-parts to be treated for utmost resistance to wear; their durability is not compromised by treatment for tensile strength. And all parts are machined to tolerances a metal worker would call close.

ROLLING SURFACES DISCOURAGE WEAR

These characteristics make Diamond Chain 98-99% efficient up to 3600 R. P. M., up to 672 h. p.—and have won a place for Diamond Chain in 112 major divisions of American Industry . . . where economy, efficiency and freedom from trouble are valued to the utmost.

The booklet 102-A "*Reducing the Cost of Power Transmission*", describes Diamond Chain completely. It describes the flexibility, quietness, efficiency on long or short centers, compactness and other advantages of Diamond High-Speed Roller Chain. It shows many instructive and significant applications where Diamond Chain has cut costs, improved quality, reduced production-delays. Write for a copy.

DIAMOND CHAIN & MFG. CO.
439 Kentucky Ave. Indianapolis, Ind.

DIAMOND CHAIN
ROLLING ~ AT POINTS OF CONTACT

(A-809R)

What the Figures Show

	Latest Week	Preceding Week	Year Ago
THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY	*90.5	‡92.7	108.9
Production			
Steel Mill Operation (% capacity)	71	71	97
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	$18,035	$17,498	$22,629
Bituminous Coal (daily average, 1,000 tons)	*1,406	‡1,379	1,583
Petroleum (daily average, 1,000 bbls.)	2,588	2,609	2,724
Total Electric Power (millions K.W.H.)	*1,825	*1,735	1,825
Trade			
Car Loadings (daily average, all classes, 1,000 cars)	156	155	177
Check Payments (outside N.Y. City, millions)	$4,917	$5,154	$6,026
Money in Circulation (daily average, millions)	$4,509	$4,507	$4,705
Wheat Receipts (1,000 bushels)	3,839	4,715	4,564
Cotton Receipts (1,000 bales)	77	106	65
Cattle Receipts (1,000 head)	*169	‡155	160
Hog Receipts (1,000 head)	*473	‡563	587
Wool Receipts (1,000 lbs.)	7,791	7,279	12,123
***Prices** (**Average for the Week**)*			
Wheat (No. 2, hard winter, Kansas City, bu.)	$1.01	$1.02	$ .98
Cotton (middling, New York, lb.)	$ .159	$ .162	$ .189
Iron and Steel (composite, ton)	$33.52	$33.64	$37.07
Copper (electrolytic, lb.)	$ .126	$ .128	$ .178
All Commodities (Fisher's Index, 1926-100)	87.6	87.8	95.8
Finance			
Total Loans and Discounts, Federal Reserve member banks (millions)	$17,038	‡$16,837	$16,337
Commercial Loans, Federal Reserve member banks (millions)	$8,434	$8,416	$9,140
Brokers' Loans, New York Federal Reserve member banks (millions)	$3,998	$4,101	$5,284
Federal Reserve System Ratio	83.0	82.2	75.2
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	11,949	9,114	16,984
Stock Prices (N. Y. Times, average 50 stocks)	$223.36	$227.36	$243.66
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$46,443	$30,333	$52,213
Bond Prices (Dow, Jones, average 40 bonds)	$95.30	$95.27	$93.56
Interest Rates—Call Loans (daily average)	3.0%	3.0%	6.8%
Interest Rates—Time Loans (daily average)	3¼%	3¼%	8¼-8½%
Business Failures (Dun, number)	485	416	423

***Preliminary** **‡Revised**

THE trend of general business activity continues downward. Business appears to be undergoing a secondary relapse as the summer season progresses. Basic industrial activity is holding up fairly well for the season, but general trade is less active as the decline in commodity prices continues.

The Business Week's preliminary index of the volume of general business activity for the week ending June 7 has fallen to 90.5% of normal as compared with the final index of 92.7% for the preceding week and 108.9% for the corresponding week last year. This is the third successive week of decline and brings the index to the lowest point since the beginning of January.

The production group in the index has risen slightly from 90.6% of normal to 90.8%. The group of general trade indicators, however, fell sharply from 94.4% of normal to 90.3%.

The Situation in Steel

Steel activity showed a slight decline from somewhat above to slightly below 71% of capacity. The Steel Corporation maintained operations at 75% while the independents dropped off slightly to about 67%. The decline in steel operations from the middle of April to date has been fairly parallel to the trend in 1929 and somewhat less sharp than in 1928. The main question now is whether the usual seasonal upturn during July or early August may be anticipated this year or whether the progressive decline that characterized 1929 is to be repeated. The trade is not optimistic. Automotive, railroad and agricultural steel consuming demand is apparently on the decline at the present time.

The main reliance for sustained operations now is on pipeline steel, which is in a boom at capacity levels, and on structural steel demand for heavy construction operations. New inquiries for structural projects this week, 112,000 tons, are largest so far this year and above any week in 1929. Structural contracts were only average but larger figures are expected as a result of active heavy construction operations in New York. Pipeline business placed, nearly a million tons, is taxing the capacity of the country, according to the *Iron Age*. Strengthening of finished steel prices and of scrap prices are somewhat encouraging features.

The decline of 294,993 tons in unfilled orders of the Steel Corporation points to less active consumer demand, but was only seasonal and less than the average for the period in the past eight years. It still leaves bookings larger for the period than in each of the preceding seven years, except 1929 and 1923.

Steel ingot production in May, on a daily average basis, declined from 159,764 tons in April to 149,066 tons and was 24% lower than in May, 1929. For the first five months ingot production was nearly 16% smaller than in 1929 but above the preceding years, excepting 1926, 1928 and 1929.

The Business Week's index of steel activity last week, adjusted for seasonal fluctuations and year to year growth, rose slightly and was somewhat above normal.

Building Activity

Building operations improved somewhat for the latest week and seem to be maintaining the level held since the end of March. The daily average of general contracts awarded during the past week was slightly above that for June last year, but the 4-weeks' moving average to date it still about 20% below a year ago. Our index of general building activity, taking account of seasonal factors and normal growth, rose 2.6 points for the week but is still nearly 17% below normal. The volume of heavy construction contract awards declined for the week and is running about 18% below a year ago.

Bradstreet's reports of building permits for May showed a decrease of 2.1% from April and were 33.4% below last May, suggesting continuing contraction in residential and commercial building projects.

The daily rate of bituminous coal production increased for the latest week and is slightly above the 1928 level. Our index rose slightly for the week but still remains more than 22% below normal for the season and the year. The rate of petroleum production declined.

Electric production continues practically at the last year's levels. Our index, adjusted for seasonal fluctuations and normal growth, declined sharply and is 1.8% below normal.

Commodity Prices

Commodity prices were weaker, partly re-acting to weakness in the stock market. The wheat average dropped nearer the dollar level but is still above last year at this time. Cotton was considerably weaker. Silver, rubber, silk fell to new low levels. The iron and steel composite declined again and even copper was slightly weaker under continued slackness in demand. The Fisher all-commodity index continues to decline.

The general trade indicators were considerably less favorable. The Memorial Day holiday brought the usual drop in carloadings, but on a daily average basis the total is still running more than 11% below last year and 8% below 1928. The non-bulk carloadings still run over 9% below a year ago and over 7% below 1928. Our index of this group, which enters into our general business index, declined somewhat and is nearly 12% below normal for the season and the year. No upward trend in carloadings is usually visible before July.

Check payments outside New York City showed the largest deficit below last year since the first week of the year and our index, adjusted for seasonal fluctuations and normal growth, declined sharply to more than 10% below normal. This drop may reflect marked stagnation in security trading, but the figures of bank debits outside the ten main financial centers showed the largest deficit, 14.5%, below 1929 so far this year. This is somewhat of a reversal of the trend during May. May check payments in the ten financial centers declined, but in the 131 outside cities they rose slightly as compared with April, though still below last year.

Commercial loans of reporting member banks turned upward for the latest week, but our index, adjusted for commodity price changes, seasonal fluctuations and normal growth, still remains nearly 2% below normal.

The amount of money in circulation rose slightly for the week and our index, taking account of price changes, seasonal factors and normal growth, also rose but remains over 2% below normal.

The number of business failures rose, as is usual for the week, and remains considerably above last year's level.

Department Store Sales

May department store sales were only slightly less, by approximately 1%, than those of a year ago. The first five months' sales figures were 3% below the corresponding period last year. Increases, as compared with last May, were shown in only three Federal Reserve districts, Boston, New York and Minneapolis, with decreases of from 7% to 10% in Chicago, St. Louis and Dallas.

Reports on electrical energy consumption for industrial purposes received by the *Electrical World* from some 3,800 manufacturing plants scattered throughout the country indicate that May operations were at a rate 1% under April, 13.1% under May last year, and the same as during May, 1928. The decrease from April to May was slightly greater than the normal seasonal decrease for this period. The average rate of activity for the first five months of the current year was 11.4% under the same period in 1929, but approximately the same as in 1928.

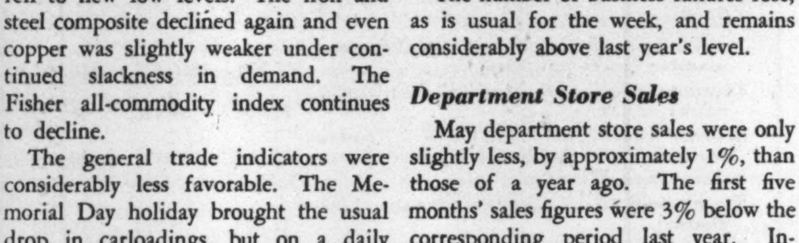
The Business Week's weekly index of general business activity, first of its kind, is based on eight series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation of the index see *The Business Week*, May 7, 1930, p. 31.

Three sections of the country—North Central, Southern and Western states—reported increased operations during May as compared with April, the South leading with a gain of 4.1%. All sections, however, reported operations materially under those of last year.

Industrial Activity

Only three industrial groups increased operations during May over April, food products leading with a gain of 15.8%, followed by chemical products with 4.7%, paper and pulp with a gain of 4.4%. These industries are the only ones operating above May last year. Automobiles, including parts and accessories, reports the greatest decrease under 1929 with a drop in activity of 34.6%, followed by leather products with 30.4%, textiles 26.1%, steel plants 21.6%, metal working plants 19.3%.

Late employment indicators are not favorable. The index of Detroit employment, May 31, dropped to 109.2 from 110.5 on April 30. The index of factory employment in New York state dropped from 89.8 in April to 88.3 in May, a little more than the usual seasonal decline.



Move your plant *to your* MARKET

. . . it's cheaper than moving your product

THE manufacturer who places his plant near raw material, but too far from his customers, is as badly off as the man who builds his boat too far from the water's edge.

When you put your plant in New York State you are close to your raw materials, and closer still to your customers. Production costs are low here. But marketing expense is even lower. In brief, you enjoy these two outstanding advantages:

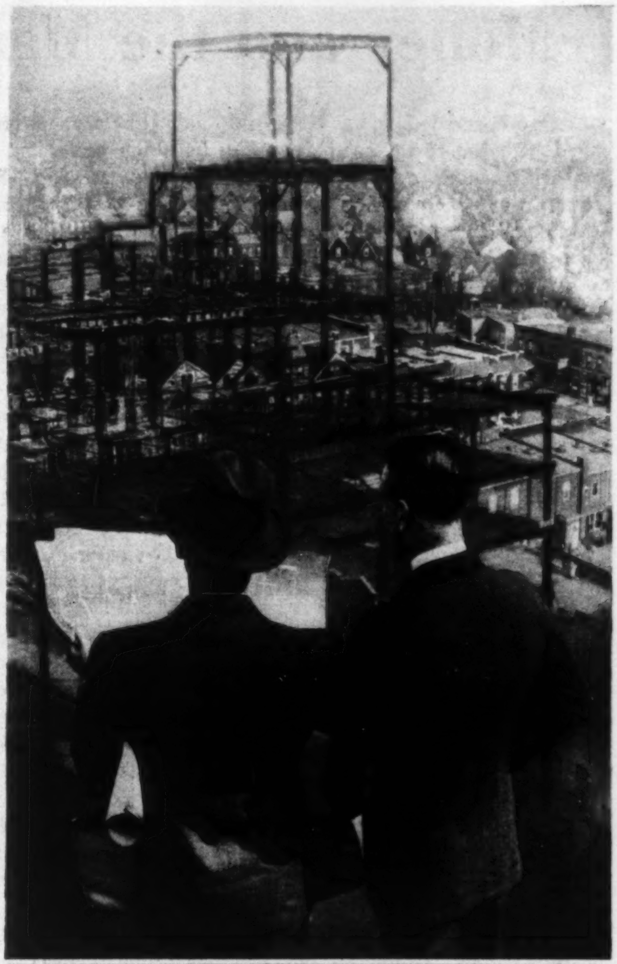
1. ***Lower cost of distribution***
2. ***Lower cost of electricity***

The actual figures applied to your plant will tell you just how much Niagara Hudson can save you on power. The rates are far lower than the average for the nation as a whole.

But no matter how important electricity may be in cutting your production costs, your savings in distribution will loom even larger.

New York State is the center of the world's greatest market. In its immediate area are 49% of the nation's people and 55% of the nation's wealth. 53 railroads blanket the State with 8,000 miles of track, inter-connected with 800 miles of navigable waterways and 80,000 miles of concrete roads. Nearly half the nation's imports and exports pass through New York. Almost half the exports originate in New York State itself.

Skilled labor is plentiful. Raw materials are either in the State, or can be brought here cheaply and easily. Living conditions are favorable. Capital is available in abundance.



WHEN YOU LOCATE YOUR PLANT IN NEW YORK STATE . . . YOU PLACE IT CLOSE TO YOUR RAW MATERIALS, AND CLOSER STILL TO YOUR CUSTOMERS

If you as a manufacturer, are interested in cutting both sales and production costs, you should know more about New York State. Write for the new 28-page illustrated booklet—"New York, the Great Industrial State." Address the Niagara Hudson Power Corporation, Industrial Development Bureau, Albany, N. Y.

If you want the facts as they affect your business, this Bureau will furnish engineers to make an analysis for you without cost and without obligation. It will be a straight technical study of facts, entirely devoid of the usual salesmanship.

NIAGARA HUDSON

Write for our new book, describing the industrial territory served by Niagara Hudson Power Corporation, including among others the localities listed below:

ALBANY
ALBION
AMSTERDAM
ANTWERP
BALDWINSVILLE
BALLSTON
BATAVIA
BOONVILLE
BROCKPORT
BUFFALO
CANAJOHARIE
CANASTOTA
CANTON
CARTHAGE
COBLESKILL
CORTLAND
COHOES
DEPEW
DOLGEVILLE
DUNKIRK
E. SYRACUSE
FAIRPORT
FALCONER
FORT EDWARD
FORT PLAIN
FRANKFORT
FREDONIA
GENESEO
GLENS FALLS
GLOVERSVILLE
GOUVERNEUR
GOWANDA
GREEN ISLAND
GREENWICH
HAMBURG
HERKIMER
HOMER
HUDSON
HUDSON FALLS
ILION
JAMESTOWN
JOHNSTOWN
KENMORE
LACKAWANNA
LANCASTER
LEROY
LITTLE FALLS
LOWVILLE
LYONS
MALONE
MASSENA
MEDINA
MOHAWK
NEWYORK MILLS
NIAGARA FALLS
N. TONAWANDA
NORWOOD
OGDENSBURG
OLEAN
ONEIDA
OSWEGO
POTSDAM
PULASKI
RENSSELAER
ROME
ROTTERDAM
ST. JOHNSVILLE
SALAMANCA
SARATOGA SPRINGS
SCHENECTADY
SCOTIA
SKANEATELES
SOLVAY
SYRACUSE
TONAWANDA
TROY
UTICA
WATERFORD
WATERTOWN
WATERVLIET
WELLSVILLE
WESTFIELD
WHITEHALL
WHITESBORO
WILLIAMSVILLE

Money and the Market

STOCKS dropped jerkily this week and closed with the averages at about the low point of the year. Numerous issues, including the veteran market leader, U. S. Steel, made new 1930 lows. Money rates were little changed.

Excepting a sharp rally Tuesday, the effects of which were immediately wiped out on Wednesday, the course of the market was downward. Rail shares were very weak, and are now considerably lower than any time thus far in 1930; while other issues were shooting sharply upward on Tuesday, rails showed no rallying power. The volume of trading in the market remained within normal limits.

Fixing the Blame

Causes for the sudden decline are numerous but, for the most part, they were the same old causes. Many observers lay the unsettlement at the door of tariff legislation and cry loudly against the bill. Realization of the unfavorable state of business continues to be a factor, as new reports show new declines. Bear operations were prominent, and the drop brought some impaired margins into play.

The stock market situation of course contains serious possibilities but they are not necessarily probabilities.

More than 63% of bank credit, as judged by member bank reports, is now based on securities, and this class of credit is growing. Security loans, according to these figures, total $1,400,000,000 more than a year ago.

Rumors, though unauthenticated ones, that powerful financial interests had interposed themselves in the market against further decline, were heard throughout the week.

Common Still Popular

A renewal of the slump in stocks has inevitably had an unfavorable pyschological effect and this has not been helped by sensational newspaper reports of the situation under headlines leading to incorrect inferences.

Several facts are undeniably encouraging. One is the continuing wide popularity of common stocks which must inevitably lead to increased purchases as prices go down. More and more people are trying to follow the old axiom "Buy at the bottom and sell at the top." And though few have the temerity to say either that prices will continue to fall or will rise promptly, stocks are certainly more thoroughly deflated now than they have been for some months. Consequently, the market is in a position immediately to reflect any signs of business improvement.

The bond market, moving irregularly a little higher, continued to absorb huge offerings. The reparation issue, of which nearly $100,000,000 was taken here, is discussed on another page of this issue. Government securities are especially popular. The various treasury issues have been bid up in recent weeks until the yields range around and under 2%. The Treasury's offer of $400,000,000 of 12-month certificates this week as its regular June financing, was oversubscribed nearly six times.

Treasury Operations

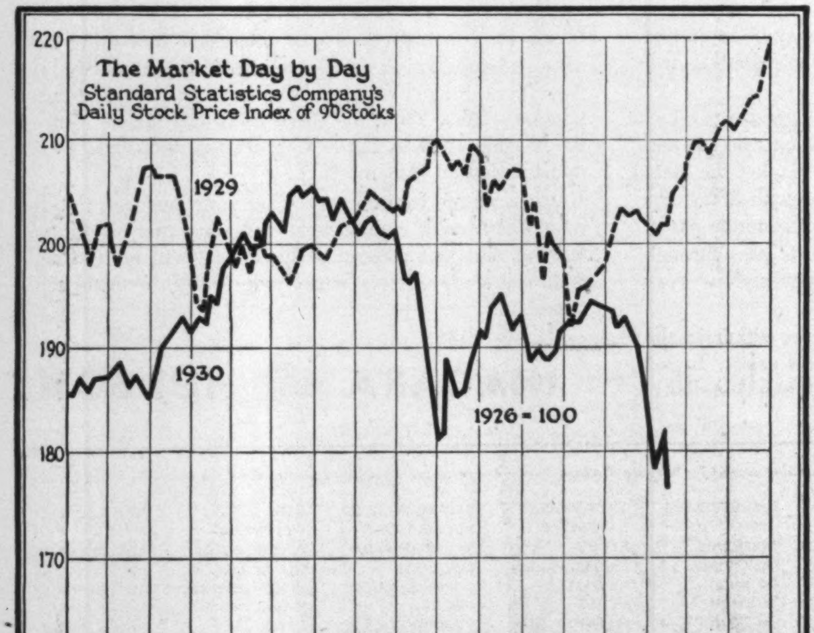
Call money declined to 2½% this week, for the first time since March. For several days the money market will be under the influence of the huge Treasury quarterly operations and of operations incident to the reparation flotation. At the last quarterly Treasury turnover date in March, money was very greatly eased, since member bank indebtedness to the Federal Reserve did not take up the slack of the large amounts of surplus credit created for a few days. While the market will again be influenced in the same way, it expects a much improved technique on the part of Mr. Mellon and his staff this time. Income tax payments for the June quarter plus the certificate financing causes a turnover of many hundreds of millions of dollars.

Brokers' loans dropped $103,000,000 to a total just under $4,000,000,000. The decline was to be expected as a result of the large declines which occurred in stocks. It more than wipes out the $79,000,000 increase of last week. The drop was largely for New York City bank account.

Bill and security holdings of the Federal Reserve system dropped a little. Bills discounted and holdings of bankers' acceptances were off sharply, but government security holdings increased. Most of the changes which took place were accounted for at the New York institution.

London Sees Decline

Anglo-American shares registered a drop in the London stock market in line with the New York decline, but rallied somewhat. Foreign exchange movements were varied. Francs shot upward to the highest point in several weeks. Sterling rallied a little from last week, then dropped back. German marks were lower. The Bank of England used new strategy in preserving its gold this week. It paid out gold in a form which it is authorized to do, but which does not meet the requirements of the Banque de France.



You may expect on July first

something new, modern, forward looking in

STEEL

—something of vital interest to everyone who makes steel—uses steel—sells steel or any of its products

IRON

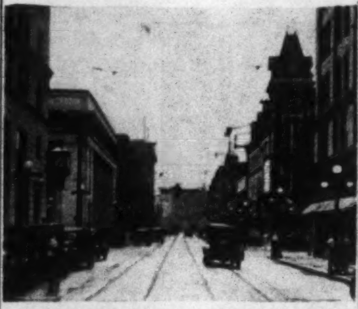
—something distinctly new—yet based on all that is good on the past work of the steel industry

BRONZE

—It will be sponsored by a recognized authority on steel

STONE

Locate Where
POPULATION
is Growing!



Growth is one of the best indications of a City's industrial advantages. Roanoke's growth is amazing! Approximate population figures:

1880	669
1884	5,000
1890	16,159
1910	34,874
1930	69,121

Where there is such growth, there must be unusual industrial advantages. A Roanoke BRIEF tells all about them. Write for it on your business letterhead to: Chamber of Commerce, 300 Jefferson St., Roanoke, Va.

ROANOKE
VIRGINIA

Noted Tour Booklet Free—"The Log of the Motorist through the Valley of Virginia and the Shenandoah."

◆

NEWS

—the most compelling message that can be put into type.

Business news is the subject matter of The Business Week.

◆

The Dublin Letters

To James W. Dublin's Sister Martha, Giving Her a Brief Statement of the Status of Her Son Derby

Office of James W. Dublin
New York
October, 1927

My dearest Martha:

I received your letter yesterday and was sorry to hear of your illness. Glad you are improving, however, and will be getting out again soon. Regarding your indigestion, I wouldn't lean too much on the bicarb can if I were you. The bicarb manufacturers don't claim it will cure worry—and that is probably what ails your stomach.

Your last two or three letters are perfect tin-types of a mother fretting about her absent boy. I suppose if you had your wish you'd shrink him right back into his *bassinet* and then you'd feel sure he was O.K. Part of the maternal intelligence, in my opinion, consists of knowing when to kick a boy loose from you and making him stay loose. Especially if he's an only offshoot. When a feller has a half dozen brothers and sisters you don't have to shove him out. He skips the old homestead in self-defence.

Derb is getting along all right so far as I know. I haven't had much chance to check up on him lately. But he can't be getting into trouble or I'd hear about it. There are plenty of people in the Dublin Agency who would be glad to slip me some disturbing information about my nephew on the thinnest provocation.

Besides you've got to let Derb incubate a spell before you know whether he's going to hatch out or not. He may be a blank. When a hen is setting you don't help the chicken-yard posterity any by lifting her off the nest every few minutes to get the latest news. If you will forgive me for doing a little mind-reading on you, Martha, I want to say that you probably wish Jen and I would take Derb in to live with us. This would make you feel safer about him probably.

I tell you privately, Jen and I would like nothing better. But it would start a swell little secret vendetta in the Dublin Agency and Derb would have to be a real nifty stepper to get out of the way of all the folks who would deem it a pleasure to give him the works.

As things are Derby can just barely afford to have me be his Uncle. He cannot afford to have me be his Papa. And that's the way it would look to the organization if I ever gave him the spare room in our house.

Now don't get the idea that I've organized the Dublin Agency out of a lot of bums and stick-up men. That isn't true.

They're typically human folks and as such they are likely to exercise the average amount of what you might call legitimate suspicion. If, after working along for some years and developing ideas and ambitions and hopes for a little surplus over and above their life insurance, they suddenly see the Old Man turn up with a pet nephew—what are they going to do? Take up a subscription and give Derb a party?

Oh, no! More likely they send out for a bunch of bananas and throw the peels around where Derb is most apt to step on 'em.

And then when it dawns on 'em that the Old Man has taken the boy into the bosom of his family—then what do they say? They say: "Oh, we thought this here Derby was only a passenger. But that was our mistake. He's a log on the track. That's different."

Right there is where the wrecking crew gets into action—and most anything can happen.

So I guess Derby will be better off rooming out. He has a nice location in a new Club Hotel for budding business boys. The room is a mite small, but to me that's its best recommendation. There are quantities of Derb's contemporaries with a marked reluctance to go home nights when they should. Well, they can't hang out at Derb's place. It won't hold 'em.

Lay off your Derb anxieties. Nothing can happen to him just now either in the plus or minus column. For the next year or more he won't be able to do anything but teeter. This is called "finding one's self" in the higher language. If he catches a cold in the subway or a ptomaine in his goulash I'll see that he has a good doctor. A mother can do no more. His career and his socks and underwear are his own responsibilities and he'll manage these matters more ably on his own without the divine maternal to fuss him.

Much love and take good care of yourself—

JIM.

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THE BUSINESS WEEK
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June 18, 1930

Bricks, Bootstraps, And Brains

SIR JOSIAH STAMP, one of England's biggest business men and one of the world's greatest economists, in this country now for a visit, turned that swift-winged and penetrating mind of his on American business and its ways the other day. "I am astounded," he said, "at the way the average American business executive is surrounded by charts, graphs, and every scientific economic invention, but I cannot perceive that the mental equipment of these executives has increased proportionately." Never before in history, Sir Josiah felt, has there been such a mania for collecting statistics and information, but what the world needs is a new technique of thinking. We must have the facts, but they are of no use unless they are mixed with interpretative insight and creative imagination.

The sad truth of this is apparent today when we recall the naive faith and pride we had before the crash in the power of facts *per se* to produce the millenium of permanent, perfect prosperity. The apparatus of information with which we surrounded ourselves lulled us into a delusive sense of security and served as a substitute for thinking. Our trade organizations turned out streams of statistics down which we drifted without asking whither, until the whirlpool caught us because we could not read our charts. Committees may collect and act; only individuals can think. We piled up mountains of facts and figures, but they only concealed the truth our individual intelligence had grown too indolent to dig for. They were the bricks, plenty of them, but we were too lazy, too confident to build anything with them.

So, today we poke about among the dismal facts of business depression, either denying them altogether, or clinging to the consoling confidence that the old boom days are bound to return soon, or hoping desperately to pull ourselves out by all taking hold of our bootstraps and tugging hard together at the command of the captain.

The truth is, of course, that there is no substitute either in prosperity or adversity for hard thinking. Neither bricks of information nor bootstraps of aspiration avail without brains. Everything that is built is moulded, everything that is lifted is moved by an idea. Knowledge is dead and hope is blind without thought.

This is the great need today, not only here but everywhere in the world. We have passed through a period of easy drifting, of rapid accumulation and slack thinking. With all our getting—our wealth of facts and things—we have not gotten understanding. Our power to produce has outstripped our power of use. Our machinery of production is powerful, brilliant, and sure; that of credit, distribution, and consumption weak, obscure, uncertain. The responsibility for creative thinking about these things still rests upon relatively few; the burden of its lack falls upon everyone.

As Sir Josiah says: This is the golden age of industrial achievement, but the stone age of economic thought. How and how soon shall our insight and understanding match our strength and skill?

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